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

Volume I: 50 country cases

Edited by

Isabel Ortiz
Valérie Schmitt
Loveleen De

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List of Abbreviations

ABND	Assessment Based National Dialogue
ADB	Asian Development Bank
AFD	French Development Agency, France (in French, Agence Française de Développement,)
AFJP	Private Pension Fund Administrators, Argentina (in Spanish, Administradores de Fondos de Jubilaciones y Pensiones)
ANPE	National Employment Agency, France (in French, Agence nationale pour l'Emploi)
ANSES	National Social Security Administration, Argentina (in Spanish, Administración Nacional de la Seguridad Social)
ARV	Free anti-retroviral drug
ASKESKIN	Health Insurance for Poor Households Programme, Indonesia (in Bahasa, Indonesia, Asuransi Kesehatan bagi Keluarga Miskin)
ASSEDIC	National Unemployment Benefits Agency, France (in French, Association pour l'Emploi dans l'Industrie et le Commerce)
BDT	Bangladeshi taka
BOB	Bolivian bolivianos
BPC	Benefício de Prestação Continuada, Brazil
BPS	Social Security Institute, Uruguay (in Spanish, Banco de Previsión Social)
BRICS	Brazil, Russia, India, China and South Africa
BWP	Botswana pula
CBHI	Community-based health insurance
CC of CPC	Central Committee of the Communist Party of China
CCTs	Conditional cash transfers
CDAP	Chronic Disease Assistance Programme, Trinidad and Tobago

CFA	Contributory family allowances
CGT	General Confederation of Labour, France (in French, Confédération générale des Travailleurs)
CHW	Community health workers
CMP	Child Money Programme, Mongolia
CNPS	National Centre of Social Pensions, Cabo Verde
COIDA	Compensation for Occupational Injuries and Diseases Act of 1993, South Africa
CPS	Cash Payment Services, South Africa
CS	Community services
CSC	Builders' Social Fund, Romania (in Romanian, Casa Socială a Constructorilor)
CSG	Child Support Grant, South Africa
CSIM	Comprehensive Social Insurance for Migrants, China
CVE	Caboverdian escudos
DG	Disability grant
DGEFP	General Directorate for Employment and Vocational Training, France (in French, Délégation Générale à l'Emploi et à la Formation Professionnelle)
DILEEP	DOLE Integrated Livelihood and Emergency Employment Program, the Philippines
DOLE	Department of Labour and Employment, Philippines
DSD	Department of Social Development, South Africa
EII	Employment injury insurance
EIP&R	Employment Injury Protection & Rehabilitation Scheme, Bangladesh
EPS	Subsidized Health Promotion Entities, Colombia (in Spanish, Entidades Promotoras de Salud Subsidiadas)
EPWP	Expanded Public Works Programme, South Africa
EU	European Union
FDI	Foreign Direct Investment
FOSYGA	Solidarity and Guarantee Fund, Colombia (In Spanish, Fondo de Solidaridad y Garantía)
GDP	Gross domestic product

GIZ	German Agency for International Development, Germany (in German, Deutsche Gesellschaft für Internationale Zusammenarbeit)
GMAC	Garment Manufacturers' Association, Cambodia
GMS	Guaranteed Medical Services, Tajikistan
GRET	Group for Research and Technology Exchanges, France (in French, Groupe de Recherche et d'Échanges Technologiques)
GSIS	Government Service Insurance System, Philippines
HDF	Human Development Fund, Mongolia
HIP	Health Insurance Project, Cambodia
HIRR	Health Insurance for Rural Residents, China
HIUR	Health Insurance for Urban Residents, China
HIW	Health Insurance for Urban Workers, China
ICROP	Integrated Community Registration Outreach Programme, South Africa
ICT	Information and communications technology
ID	Identification number
IDH	Direct tax on hydrocarbons, Bolivia (in Spanish, impuesto directo a los hidrocarburos)
IDR	Indonesian rupiah
IFIs	International Financial Institutions
ILO	International Labour Organization
IMF	International Monetary Fund
INPS	National Social Security Institute, Cabo Verde (in Portuguese, Instituto Nacional de Previdencia Social)
IOM	International Organization for Migration
IP	Invalidity pension
IPS	Health Providing Institutions, Colombia (in Spanish, Instituciones Prestadoras de Servicios de Salud)
JICA	Japan International Cooperation Agency
JKN	National Health Insurance Scheme, Indonesia (in Bahasa Indonesia, Jaminan Kesehatan Nasional)
MDF	Mongolian Development Fund, Mongolia

MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act, India
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme, India
MIS	Computerized monitoring and information system
MMI	Military Medical Insurance, Rwanda
MNT	Mongolian tughriks
MoLVT	Ministry of Labour and Vocational Training, Cambodia
MoPH	Ministry of Public Health, Thailand
MSDFS	Ministry of Social Development and Family Services, Trinidad and Tobago
MYR	Malaysian ringgits
NHSB	National Health Security Board, Thailand
NHSO	National Health Security Office, Thailand
NIB	National Insurance Board, Trinidad and Tobago
NPD	National Planning Department, Colombia
NSSF	National Social Security Fund, Cambodia
ODMWA	Occupational Diseases in Mines and Works Act, South Africa
OOP	Out-of-pocket
OPG	Older Person's Grant, South Africa
OSH	Orientation on occupational safety and health
OSS	One-stop-shop, Mongolia
PER	Public Expenditure Review
PIN	Personal Identification Number, South Africa
POS	Mandatory Health Plan, Colombia (in Spanish, Plan Obligatorio de Salud)
PRI	Panchayati Raj Institutions, India
PWD	People with disabilities
RAMA	Sickness Insurance, Rwanda (in French, Rwandaise d'Assurance Maladie)
RON	Romanian lei
RPCC	Rana Plaza Coordination Committee, Bangladesh

RSA	Non-contributory Unemployment Scheme, France (in French, Revenu de solidarité active)
RTW	Return to Work Programme, Malaysia
RWF	Rwandan francs
SAII	Old-age and disability pension, Timor-Leste (in Portuguese, Subsídio de Apoio a Idosos e Inválidos)
SASSA	South African Social Security Agency, South Africa
SCP	Senior Citizens' Pension, Trinidad and Tobago
SIR	Old-age pension schemes for rural and urban residents, China
SISBEN	System of Identification of Potential Social Programme Beneficiaries, Colombia (in Spanish, Sistema de Identificación de Potenciales Beneficiarios de Programas Sociales)
SIW	Social insurance scheme for urban workers, China
SOCSO	Social Security Organisation, Malaysia
SPA	Social protection assessment
SPCS	Social protection community services, China
SPF	Social protection floor
SPSU	Universal Social Protection System, El Salvador (in Spanish, Sistema de Protección Social Universal)
SSS	Social security scheme, Thailand
THB	Thai baht
TTD	Trinidadian dollars
UCA	Universal Child Allowance, Argentina (in Spanish, Asignación Universal por Hijo)
UCS	Universal Health-care Coverage Scheme, Thailand
UIA	Unemployment Insurance Act, South Africa
UN	United Nations
UNAIDS	Joint United Nations Programme for HIV/AIDS
UNCRPD	UN Convention on the Rights of Persons with Disabilities
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
VAT	Value-added tax

WFCs	Worker Facilitation Centres, India
WFP	World Food Programme
WHO	World Health Organization
YPFB	Bolivia's national petroleum company (in Spanish, Yacimientos Petrolíferos Fiscales Bolivianos)
ZAR	South African rands
ZMW	Zambian kwacha

Introduction

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. Since then, the ILO has supported its Member States in building their social protection systems and extending coverage.

While few countries had social protection systems in place a century ago, today virtually all countries have them. From the early steps taken in a number of pioneering European countries, the scope of social security, measured by the number of areas covered by social protection systems, has expanded at an impressive pace. These systems have in many cases been developed based on guidance from the ILO's international social security standards.

The ILO's normative framework today includes 16 up-to-date social security standards. A landmark in international social security was the adoption by the International Labour Conference of the Social Security (Minimum Standards) Convention, 1952 (No. 102). This Convention has guided the development of social protection systems by defining the nine branches that form the core of social security and establishing, for each branch, a minimum level of protection in terms of the population covered and the benefits guaranteed, together with core financing, organizational and management principles.

The most recently adopted standard, the Social Protection Floors Recommendation, 2012 (No. 202), reflects the global commitment of all ILO Member States to make the right to social security a reality for all by guaranteeing at least a basic level of social security to all in the form of a nationally defined social protection floor, and to ensure a progressively wider scope and higher levels of protection. Social protection floors typically include, but are not limited to, cash transfers for children, maternity benefits, disability pensions, support for those without jobs, old-age pensions and access to essential health care.

Despite significant progress in the extension of social protection, the large majority of the global population, notably workers in the informal economy, enjoy only limited protection, if any at all. The ILO estimates that today more than

half of the world's population (or 4 billion people) live without any form of social protection,¹ which means that more than 6 in 10 families have no access to child support. More than 7 in 10 unemployed workers receive no unemployment benefits; almost 6 in 10 mothers with newborns receive no maternity benefit; almost 3 in 10 older persons have no access to pensions; and 4 in 10 people lack access to essential health services. This massive social protection gap is not acceptable from a human rights perspective. It is also a missed opportunity from a developmental point of view.

It is often argued that a social protection floor that provides at least basic social protection guarantees to all the population is not affordable. However, ILO cost simulations and studies analysing options to expand fiscal space show that universal social protection floors are feasible in the majority of developing countries. While some countries today have the fiscal space to develop social protection floors, others will have to gradually extend coverage and benefits according to national fiscal capacity, in combination with contributory social insurance schemes.

Yet the best justification for universal social protection comes from countries themselves, where the dividends from investments in far-reaching social protection programmes have become more and more apparent. Many middle-income and some low-income countries have already successfully achieved universal coverage, providing social protection for all in the fields of health, child benefits, maternity benefits, disability or old-age pensions. These are not pilot programmes with an expiration date or donor-funded benefits that will disappear after a project is completed. These are nationally owned and domestically financed social protection schemes operated by reinforced state institutions. They provide a source of inspiration to the rest of the world because they show that expanding coverage to all the population is not only necessary but also feasible. Their progress in building social protection systems, including social protection floors, demonstrates that all our societies can afford to provide at least a basic level of social security to all, and to progressively extend the scope and level of social security coverage.

Indeed, more and more countries are committed to expanding social protection to all, convinced that social protection policies are not only a matter of human rights, aimed at protecting people from various shocks across the life cy-

¹ ILO, 2017: *World Social Protection Report 2017-19: Universal social protection to achieve the Sustainable Development Goals* (Geneva). Available at: https://www.ilo.org/global/publications/books/WCMS_604882/lang-en/index.htm.

cle, but also contribute to the social, economic and environmental dimensions of sustainable development. Social protection reduces poverty and inequality and enhances social cohesion and political stability. It contributes to economic development by boosting domestic demand and productivity, and it serves as an automatic stabilizer during economic downturns. By offering adequate protection to affected people and facilitating structural changes to our economies and societies, social protection is part of the answer to the new challenges they face, such as climate change, increasing forced displacement, migrations and new forms of employment.

This is why the commitment to building social protection systems, including floors, is reflected in the Sustainable Development Goals (SDGs) contained in the 2030 Agenda for Sustainable Development. Most prominently, SDG target 1.3 calls upon countries to implement nationally appropriate social protection systems for all, including floors, for reducing and preventing poverty. In addition, the importance of social protection for sustainable development is reflected in several other SDG goals and targets, including target 3.8 (universal health coverage), target 5.4 (gender equality), goal 8 (decent work and economic growth) and target 10.4 (greater equality). By establishing universal social protection systems, including social protection floors, countries can ensure that no one is left behind and that prosperity is shared.

The ILO's 100th anniversary is a unique opportunity for the Organization, its Member States and partners to reaffirm a shared commitment to achieving social justice. *100 years of social protection: The road to universal social protection systems and floors* is a compendium of 100 inspiring country stories about building social protection systems and floors. It includes stories about the historical development of social protection in countries, showing that building social protection systems is a progressive process that relies on national dialogue. It shows how international social security standards and the development of comprehensive legal frameworks can contribute to creating coherent social security systems that leave no one behind. It highlights that national ownership – enhanced through dialogue and the creation of a culture for social protection – is key to developing sustainable social protection systems and floors. It provides practical examples of how countries have significantly extended coverage, or even achieved universal coverage, through cash transfers for children, maternity benefits, unemployment benefits, employment injury insurance, old-age and disability pensions and universal health protection. It also provides practical solutions to the challenges of creating fiscal space for social protection and of reaching workers in the informal economy, rural workers, migrants, victims

of climate-related events and workers in new forms of employment. This first volume of 50 cases will be followed by a second volume of 50 more cases, all published during the year of the ILO Centenary.

This compendium should 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, including floors, with a view to achieving universal social protection. Many of the authors of these country stories are policy-makers and technical experts who have participated in the development of such national systems and floors. All of them were driven by the same vision – that of a world where the right to social protection should be a reality for all – and a sense of duty to build a better world for future generations, a world with social protection.

PART

I

Building national
social protection
systems

FROM BOTSWANA TO UNITED KINGDOM

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

**Isabel Ortiz, Fabio Durán-Valverde, Christina Behrendt,
Karuna Pal, Andrés Acuña-Ulate and Valeria Nesterenko**

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

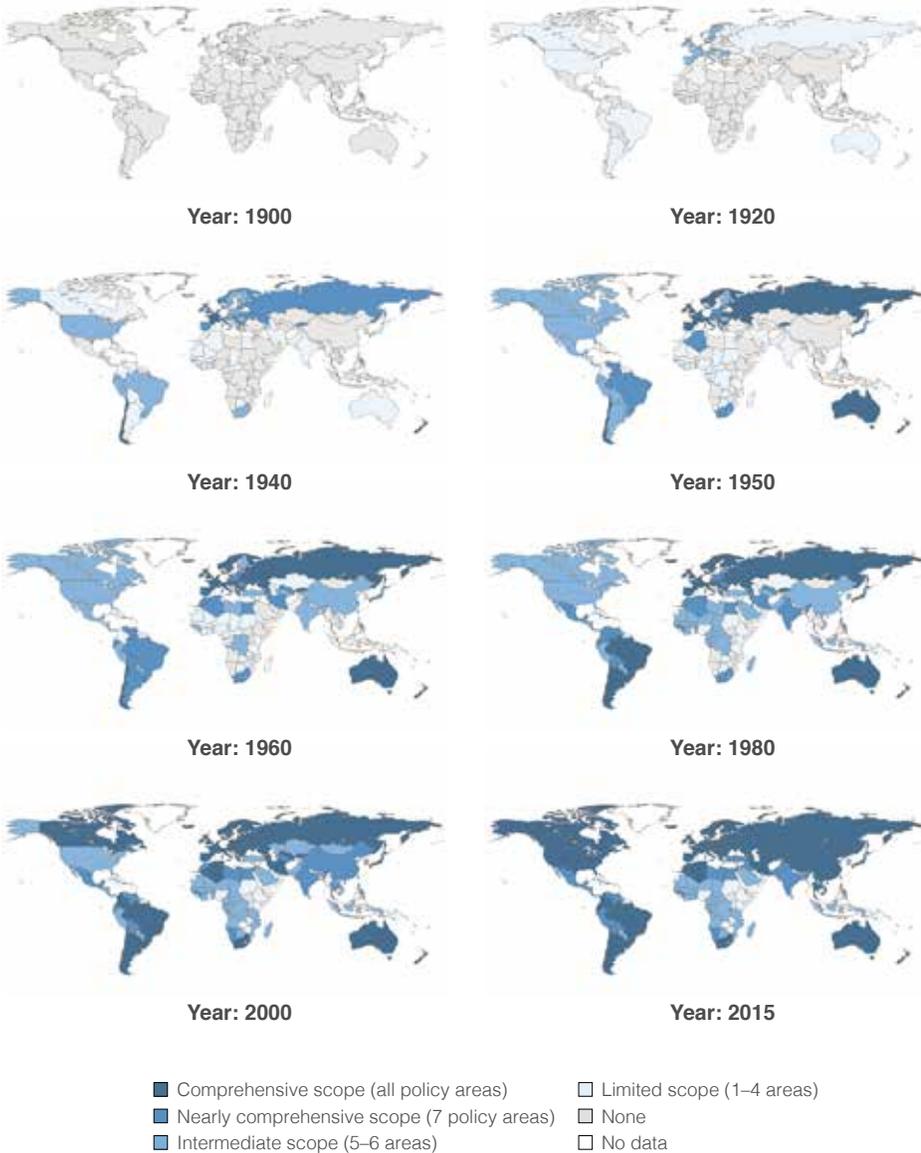
- Nearly all countries in the world have progressively developed comprehensive social protection systems, including floors.
- However, effective coverage remains low. Higher investments in social protection are needed to make the right to social protection a reality for all
- Today, many developing countries 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.
- 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).

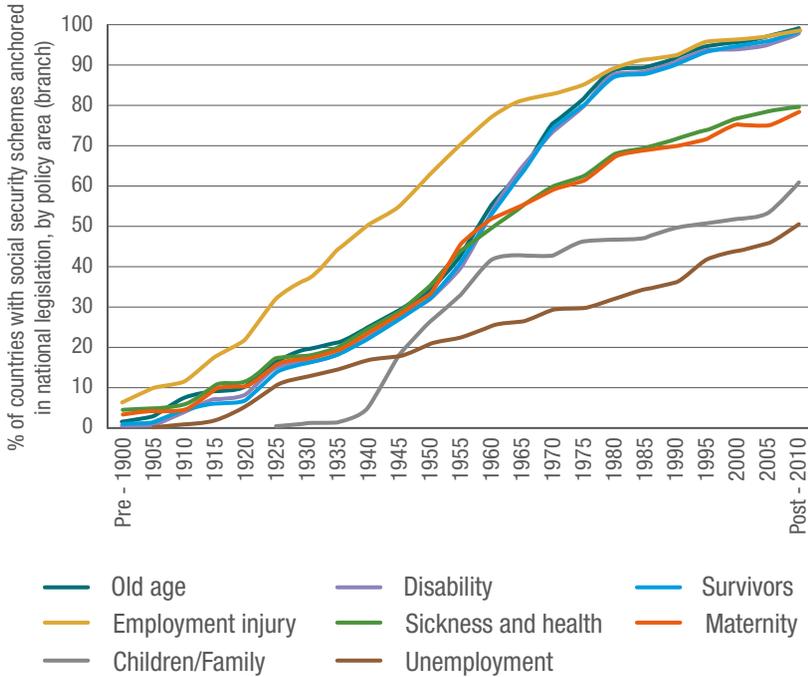
Figure 1. Historical development of social protection systems: Number of policy areas covered in social protection programmes anchored in national legislation, 1900–2015



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.

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.

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).

Results show that the time is ripe. Botswana and Indonesia have a comparable GDP per capita 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 oldage, survivors' and disability pensions, work injury benefits, sickness benefits and maternity benefits, as well as unemployment support.

Figure 3. Comparison of GDP per capita in developing and developed 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	Country	Year	Per capita GDP
Congo, Dem. Rep.	2010	260.0	Italy	1919	2,102.7
Burundi	2008	479.1	Poland	1929	2,117.3
Niger	2010	519.5	Congo, Rep.	2008	2,159.0
Togo	2008	605.6	Honduras	2008	2,323.1
Russia	1922	611.0	Germany	1889	2,379.2
Guinea Bissau	2008	616.7	Hungary	1928	2,415.0
Guinea	2008	627.6	Greece	1934	2,418.2
Madagascar	2010	675.7	Cambodia	2010	2,449.9
Sierra Leone	2008	686.4	Pakistan	2010	2,493.5
Chad	2008	705.7	Denmark	1892	2,597.8
Malawi	2010	728.2	Mozambique	2010	2,613.0
Zimbabwe	2010	749.8	Cape Verde	2008	2,735.4
Zambia	2010	795.4	Sweden	1913	2,874.1
Liberia	2008	801.6	France	1905	2,894.0
Tanzania	2010	803.9	El Salvador	2008	2,940.4
Afghanistan	2008	868.9	Kyrgyzstan	2010	2,947.2
Somalia	2008	978.1	Libya	2008	2,993.6
Mongolia	2008	1,001.3	Philippines	2010	3,023.7
Rwanda	2008	1,020.0	Bolivia	2010	3,064.3
Gambia	2008	1,042.9	Sudan	2010	3,132.3
Mali	2010	1,058.5	Swaziland	2008	3,150.2
North Korea	2008	1,121.6	Yemen	2010	3,164.7
Nepal	2008	1,133.9	Vietnam	2010	3,216.8
Kenya	2010	1,140.7	Paraguay	2008	3,294.7
Uganda	2010	1,158.4	India	2010	3,371.6
Cameroon	2010	1,179.3	Finland	1937	3,441.2
Cote d'Ivoire	2010	1,194.9	Algeria	2010	3,512.6
Burkina Faso	2010	1,234.1	Jamaica	2010	3,617.0
Brazil	1936	1,235.1	Myanmar	2010	3,708.9
Djibouti	2008	1,254.4	Cuba	2008	3,763.7
Bangladesh	2010	1,276.2	Gabon	2008	3,811.3
Mauritania	2008	1,299.2	Argentina	1934	3,844.8
Benin	2008	1,393.8	Belgium	1920	3,962.0
Senegal	2010	1,506.9	Morocco	2010	4,026.9
South Africa	1928	1,533.1	Norway	1936	4,035.1
Angola	2010	1,600.0	Moldova	2010	4,145.3
Iraq	2010	1,609.7	Egypt	2010	4,267.0
Tajikistan	2010	1,660.8	Turkmenistan	2010	4,431.9
Portugal	1935	1,668.7	Lebanon	2008	4,452.7
Laos	2008	1,669.2	Guatemala	2010	4,453.6
Nicaragua	2008	1,673.9	Canada	1937	4,473.4
Romania	1913	1,741.0	Ukraine	2010	4,524.2
Nigeria	2010	1,876.1	Namibia	2008	4,570.9
Ghana	2010	1,922.4	Romania	2010	4,652.6
Lesotho	2008	1,951.9	Australia	1908	4,693.1
Spain	1919	2,044.1	UK	1911	4,708.9

Country	Year		Per capita GDP	Country	Year		Per capita GDP
Indonesia	2010		4,722.0	Argentina	2010		10,256.3
Botswana	2008		4,768.8	Poland	2010		10,762.5
Bahrain	2010		4,929.2	Lithuania	2010		11,003.9
New Zealand	1930		4,960.1	Kazakhstan	2010		11,258.2
Ecuador	2010		5,049.6	Uruguay	2010		11,526.3
South Africa	2010		5,080.1	Latvia	2010		11,897.6
Netherlands	1931		5,185.0	Qatar	2010		12,228.6
Bosnia and Herzegovina	2010		5,233.0	Kuwait	2010		12,348.2
Sri Lanka	2010		5,360.2	Slovakia	2010		12,877.4
Albania	2010		5,375.0	Czech Republic	2010		13,096.6
Dominican Republic	2010		5,379.1	Belarus	2010		13,658.6
USA	1935		5,466.8	UAE	2010		13,746.3
Jordan	2010		5,646.7	Chile	2010		13,883.2
Peru	2010		5,773.6	Portugal	2010		14,279.0
Uzbekistan	2010		6,027.1	Mauritius	2008		14,529.2
Seychelles	2008		6,108.9	Greece	2010		14,690.7
Macedonia	2010		6,141.0	Spain	2010		16,797.4
Georgia	2010		6,171.5	Slovenia	2010		17,529.4
Tunisia	2010		6,374.4	Italy	2010		18,520.4
Iran	2010		6,455.9	New Zealand	2010		18,886.2
Panama	2008		6,674.9	Estonia	2010		19,031.7
Brazil	2010		6,879.1	Israel	2010		19,170.8
Colombia	2010		7,062.5	Germany	2010		20,661.4
Montenegro	2010		7,324.4	Trinidad and Tobago	2008		21,314.4
Serbia	2010		7,337.2	France	2010		21,477.5
Mexico	2010		7,715.7	S. Korea	2010		21,700.9
Syria	2010		7,952.0	Japan	2010		21,934.9
Costa Rica	2010		7,996.8	Ireland	2010		22,013.1
China	2010		8,031.9	Equatorial Guinea	2008		22,048.5
Turkey	2010		8,224.9	Finland	2010		23,290.5
Hungary	2010		8,352.7	Denmark	2010		23,512.6
Russia	2010		8,660.2	Belgium	2010		23,556.8
Azerbaijan	2010		8,840.6	UK	2010		23,777.2
Bulgaria	2010		8,945.5	Austria	2010		24,095.7
Thailand	2010		9,372.2	Netherlands	2010		24,302.6
Oman	2010		9,819.0	Canada	2010		24,941.2
Croatia	2010		9,849.5	Switzerland	2010		25,033.2
Venezuela	2010		9,874.4	Sweden	2010		25,306.4
Malaysia	2010		10,094.5	Australia	2010		25,584.5
Saudi Arabia	2010		10,201.1	Norway	2010		27,987.2
Armenia	2010		10,215.0	Singapore	2010		29,037.6
				USA	2010		30,491.3

Sources: Maddison historical GDP data (Bolt and van Zanden, 2014) and ISSA and SSA (various dates). *GDP not available for the actual year in which the laws establishing the schemes were enacted (Romania 1912, Poland 1927).

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 noncontributory benefits with contributory social insurance.

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The development of the national social protection system during the Industrial Revolution

Thibault van Langenhove and Anna Laure

Summary

During the 19th century, some industrial employers in France implemented social protection programmes for their workers. These initiatives contributed to the development of the French national social protection system.

Before the 19th century, social protection was based on charity. It was mainly dependent on the solidarity of religious organizations, families and corporations. Only those in extreme situations, such as destitute or orphans, received social protection.

The situation changed in the 19th century with the Industrial Revolution. On the one hand, workers faced decreasing safety in the workplaces, particularly in the metallurgic and mining industries. On the other hand, employers had difficulties in attracting and retaining a largely rural and mobile workforce. In addition, with the movement of Christian Socialism, many employers felt a growing sense of responsibility and attempted to align the social justice principles of Christianity with their material interests.

Thus, during the 19th century, many French industrial employers implemented social benefits for their workers. Initiatives in the mining, railways and spinning industries were particularly advanced. These initiatives, together with the development of trade unions, served as a basis for the progressive development of national social protection legislation.

Main lessons

- During the Industrial Revolution, inequalities increased. Ensuring basic social protection to workers was an increasing moral issue for employers and the State.
- The social benefits provided by employers boosted their ability to attract and retain their workforce and improve their labour productivity. Individual benefits provided by employers were expensive. Developing a national social protection system was a way to create a level playing field for all enterprises and to rationalize social expenses.
- The legalization of the freedom of association in 1884 led to the development of social dialogue in France and allowed workers to claim their social rights at the enterprise and national levels.

2.1 A paternalistic approach to compensate poor working conditions in a lowly regulated labour market

Before 1914, working conditions in the industrial sector in France were difficult and poorly regulated. Until the 1860s, employees sometimes worked for more than 12 hours a day. Their salaries were very low and could scarcely cover their food, accommodation and clothing needs.

The situation of miners was particularly difficult and hazardous as they were exposed to fires, floods, rockslides and explosive gases. The impact of such poor working conditions was tremendous on workers' health and safety, especially for children,¹ whose working conditions were not regulated until 1841.²

Poor working conditions also had consequences for industrial employers. Indeed, the misery of workers led to them being very mobile in their professions and locations. Furthermore, poor working conditions reduced worker productivity. High turnover and low productivity were significant issues for employers due to a shortage of skilled workers.

As workers started to organize themselves to improve their conditions, workers' unions put increased pressure on employers. Strikes could have a significant

¹ As an indicator of this lack of health and safety, almost half of young recruits were rejected as unfit for the army in 1850 because of physical impairments.

² The 1841 Law regulated working conditions for children (regulation of working hours, including night work; minimal working age; compulsory school attendance and so on).

impact as shown by the three-month strike in the Carmaux coal mine in 1892 which resulted in the resignation of the director of the mine and the Member of Parliament for Carmaux. Workers became even more powerful with the creation of the General Confederation of Labour (CGT) in 1895.

The misery of workers was a growing religious concern. In the mid-19th century, the need to align the moral principles of Christianity with modern industrial life became increasingly important to many employers. Such an approach was promoted by the Christian Socialism movement, particularly with the work of the French politician F. Le Play³ and the encyclical *Rerum Novarum*⁴ issued by Pope Leo XIII in 1891.

In response to these issues, many industrial companies developed a paternalistic attitude towards their employees based on the traditional family model, wherein employers acted as “fathers” and were involved in employees’ professional and private lives. Employers would provide protection to their employees through various social, economic and financial benefits and provisions. In return, employees were expected to respect and obey the employer.

According to the theories of economic liberalism, developed at that time, the State was not supposed to intervene in the economy since the market was assumed to be self-regulated. Paternalistic employers would thus reject any State labour regulation and preferred to set up their own regulations.

2.2 Industrial companies implemented several social benefits and services for workers

Construction of company towns

One of the first social initiatives taken by industrial companies was initiated by the coal mining company *Compagnie des Mines d’Anzin* which built housing for its workers in the 1810s, allowing employers to retain rural workers and strengthen the workers’ community. The development of housing programmes led to the creation of company towns, the most important ones being those built by the steel mill *Schneider* and by the coal mining *Compagnie de Blanzy* in the 1870s.

³ See, for example, Frédéric Le Play (1806-1882), *Les ouvriers européens* (1855).

⁴ Pope Leo XIII (1810-1903), *Rerum Novarum: Encyclical on capital and labour* (1891)

In order to boost workers' productivity through improved health conditions and because they felt the duty to "moralize" and educate workers, employers started building community facilities in company towns such as churches, schools and hospitals.⁵

Development of social protection benefits

In response to recurring accidents, companies implemented various benefits through assistance funds.⁶

- **Medical care**

Some employers fully or partially subsidized access to health care for their employees.

For example, Schneider guaranteed free hospitalization in its hospital and medical care for its employees and reduced fees for dependants.

- **Work-related injury and invalidity benefits**

In case of work-related injury or sickness, some employers granted daily allowances to workers in addition to access to care.

For instance, Léon Harmel, the director of a spinning company, created an assistance fund in 1846. In case of accident or illness, this fund provided a compensation for the loss of income to the injured or sick worker. The compensation was equal to the full salary for four months followed by 50 per cent of the salary during the subsequent four months.

Similar benefits were extended for life-long disabilities and complemented in some cases by the provision of employment compatible with the disability.

- **Old-age benefits**

Assistance funds for old age were also created. Workers received a pension, the amount of which depended on the number of years of service.

⁵ For instance, Schneider built a school in 1837 and a hospital in 1863 for its employees.

⁶ For instance, the Compagnie de Blanzky created a fund in 1834 that helped workers in case of injury and sickness and during their old age.

- **Family benefits**

Many employers implemented family benefits. The Léon Harmel family fund, created in 1891 and managed by workers, gave an “additional family salary” to workers with children, the amount of which depended on the number of children.

- **Maternity benefits**

Some employers implemented maternity benefits. For instance, women at Schneider had to stop working after their seventh month of pregnancy and received free medical care during maternity. However, in the majority of cases this maternity leave was unpaid.

- **Survivor benefits**

In case of a work-related death, some companies guaranteed a pension to widows and orphans.

In addition, some companies, such as Schneider, ensured that widows and orphans found employment in their company.

- **Other initiatives**

Some employers guaranteed in-kind benefits for their workers in addition to wages. As part of its charity policy, Schneider granted its workers coal at a reduced price and food allowances during difficult times.

Others developed savings banks and interest-free loans for workers. For example, Léon Harmel created a savings bank in 1840 and an interest-free loan fund in 1842. This initiative was mainly inspired by a moral and religious vision. Léon Harmel wanted to teach responsibility, including budget management, to his employees.⁷

In addition, some employers included workers in the management of the company. In 1880, J. B. Godin, creator of an iron stove company, converted the company into a co-operative society called the Labour and Capital Cooperative Society.⁸ Profits were used to fund social benefits. The remainder was distributed

⁷ Harmel wanted to teach workers solidarity and responsibility.

⁸ J.B. Godin was inspired by the work of Charles Fourier.

to workers, not as money but in the form of shares in the company, so that workers became part-owners.

Finally, other employers implemented measures to improve Occupational Safety and Health. Schneider set up a Safety and Health Service to insure workers against occupational accidents and illness prevention. Every worker was given a user guide on the use of machines. Hazardous components of machines were painted in red. A safety inspector was given the responsibility to answer any safety-related questions.

2.3 How did this protection function?

Many social benefits and services were internalized and implemented through facilities belonging to the enterprise, such as hospitals, housing and schools and through corporate assistance funds.

Assistance funds were financed by contributions from workers. In some companies, employers also contributed. The amount of the contributions varied across companies.⁹

Eligibility conditions to benefit from assistance funds varied from one company to another. Criteria such as workers' age, performance and nationality and the number of dependants were usually part of the eligibility assessment. These criteria were mostly determined by company directors.

Workers were sometimes involved through bipartite boards to ensure that eligibility was fairly assessed. For instance, some miners of Compagnie de Blanzky participated in the assistance fund administrative board.

However, many categories of workers were excluded from assistance funds. For instance, only French nationals were eligible for Schneider's old-age pension, while only miners over 60 years old and who had worked for more than 30 years in the company were eligible for the Compagnie de Blanzky old age-pension scheme.

⁹ For instance, iron miners in the Terrenoire company contributed to a pension fund with up to 6 per cent of their pay. At Schneider's, employers and workers contributed equally to the pension fund: the contribution was 3 per cent of pay for single workers and 5 per cent for married ones.

2.4 Social benefits and services had social and economic impacts

The wide scope of social benefits and services facilitated the improvement of the health of workers and their dependants. It is reported that the mortality rate of child workers in Schneider's factories was 6 per cent in 1912, compared with the national rate of 11 per cent.

Paternalistic policies also had an impact on businesses. For instance, workers stability was particularly high at Schneider; workers stayed on average 13 years in the company at the end of the 19th century.¹⁰

However, some industries remained hazardous. This could be explained by a lack of knowledge as well as insufficient prevention and protection.

For instance, companies in the mining industry remained uncertain about how to avoid the risks of gas explosions and suffocation. As a result, while almost every miner benefited from an assistance fund at the end of the 19th century, they still faced a high risk of death on the job.

2.5 Progressive development of the legal framework

Role of employers' associations

In addition to social protection benefits for employees, some employers felt a religious duty to extend social protection coverage to all workers. However, employers alone could not bear the entire cost of extending social protection for workers.

As a consequence, some employers pooled their resources and paved the way for the State to create a national social protection law. One of the most significant developments was related to family benefits. It started in 1891 with the creation of the first family fund by Léon Harmel for his employees. Later, in 1918, two employers, Emile Romanet in Grenoble and Emile Marcesche in Lorient, created the first inter-enterprise family compensation funds. Employers from the same region or industry would contribute to these funds, according to the number of workers they employed. In the 1920s, employers merged their family compensation funds into the Central Committee for Family Allowances. At

¹⁰ Some 26 per cent of workers stayed at Schneider's more than 20 years, versus 22.5 per cent at Godin's.

the end of this decade, a group of employers proposed a law for the creation of family allowances. Finally, in 1932, the law compelled employers to join a compensation fund that granted family benefits for employees.

Other initiatives contributed to the creation of a national social protection system. For instance, the Société Industrielle de Mulhouse, created in 1825 by industrial employers, played a significant role in the adoption of the 1841 law against child labour and its initiatives led to the 1893 law on work accident prevention.

These initiatives and more generally the influence of industrial employers on legislation were facilitated by employers' involvement in local politics: many were mayors of their company towns or members of Parliament.

Role of workers' associations

Workers felt excluded from decisions regarding social benefits and felt controlled inside and outside of work.

Moreover, the right to benefits was dependent on their employment status and the company's financial situation. When the Terrenoire company went bankrupt in 1889, miners lost all their contributions and entitlements.

In addition, benefits were often insufficient and eligibility conditions strict while working conditions were difficult and hazardous. Before the 1898 law on work accidents, workers had to prove that the employer was responsible for an accident in order to be covered by the assistance fund: in practice, the employer's responsibility could only be proved in about 25 per cent of the cases.

In order to improve their rights and liberate themselves from employers' paternalism, workers organized many strikes in the 1880s and participated in the progressive creation of compulsory national social insurance.

As a result, many laws were adopted at the end of the 19th century in order to, among other things, regulate child labour (laws of 1874, 1881 and 1892), guarantee the freedom of association (law of 1884), compensate occupational accidents and illnesses (laws of 1893 and 1898) and regulate working hours (laws of 1874, 1892 and 1900).

The 1898 law on occupational accidents and illnesses was the first initiative to create a compulsory social insurance. This law established employers' automatic responsibility in the industrial sector, so that workers were no longer required

to prove that the employer was responsible for an accident. It also compelled employers to fully fund workers' insurance for occupational accidents.

The national social protection system further developed during the 20th century. In 1910, the French Labour Code was created and gathered all existing laws regarding employment contracts, wages, working hours, workers' representatives, and child and female labour. In 1945, all existing social insurances were united in a single fund known as the Social Security System.

2.6 Moving towards a national Social Security System

Developing the national Social Security System was a way to create a level playing field for all enterprises, by equalizing the benefits provided and rationalizing social expenses. With the State providing social security, it was possible to pool risks across a large number of people, besides being administratively easier and cost-effective, given the relatively low costs of public administration. Workers were also able to claim their social rights on a consistent and predictable basis. These were among the factors that brought employers and workers together to set up the national Social Security System.

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Anchoring citizens' social security rights in law

Maya Stern Plaza and Geneviève Binette

Summary

The adoption of the 1988 constitution marked a landmark in the history of the Brazilian social security system by introducing a universal social security model grounded in citizenship rights. The Constitution sets out the State's responsibility in organizing and legislating social security. This should be done according to the principles of universality of protection and adequacy of benefits with the objective of ensuring the uniformity and equivalence of benefits and services for urban and rural populations. In the last few decades, Brazil has taken bold steps to build and maintain a comprehensive social protection system that reinforces basic social rights. Of notable example is the legislation of programmes to assist families in overcoming hunger and poverty.

Main lessons

- Brazil's experience shows that the constitution can play a pivotal role in establishing comprehensive social protection when it sets out the right to social security, the architecture of the social security system and a benchmark for the level of contributory benefits.
- Law is an essential tool for securing social protection entitlements and extending social protection coverage.
- By establishing legal entitlements and making rights enforceable, the law can shape the human right to social security.
- Social security systems grounded in law contribute to sustainable development and poverty reduction beyond the initiative of a single government.

3.1 The right to social protection in the Constitution of Brazil

Brazil's social protection system finds its legal foundation in the 1988 constitution, which is recognized for its extensive inclusion of social rights, including the right to social security. Education, health, nutrition, labour, housing, leisure, security, social security and the protection of motherhood and childhood are guaranteed as social constitutional rights (article 6). In addition, the constitution paves the way for the development of a comprehensive social protection system by setting out the elements that make up the architecture of the system and laying down guiding principles. It is the Government's constitutional obligation to establish the social security system by law along three pillars: health, social insurance, and social assistance (article 194). These pillars should be developed according to the principles of universality, the equivalence of benefits between urban and rural population, the irreducibility of benefit amounts and the diversity of methods and approaches, including of financing mechanisms (article 194). The constitution calls for the coverage of the population against the risks faced throughout the life cycle for both contributory and non-contributory schemes (articles 201-203).

3.2 Legal architecture of the Brazilian social protection system

Access to health care

Based on articles 196-200 of its Constitution, Brazil introduced the National Health System (Sistema Único de Saúde) by adopting the Organic Health Law in 1990 (No. 8.080) with a view to reaching universal health coverage and therefore giving effect to the constitutional right to health.

The system is tax-financed and provides medical services directly to patients in rural and urban areas, including general, specialist, maternity and dental care, hospitalization, medicine and necessary transportation. It is accompanied by the Farmácia Popular programme established by Law 10.858 in 2004, which provides 112 medicines for common illnesses (including diabetes and hypertension) free of charge and 11 additional medicines with some cost-sharing. The Ministry of Health ensures overall supervision of the Sistema Único de Saude, whose implementation has led to a significant drop in child mortality (57.6 per cent from 1990 to 2008 according to the World Bank), leading the Ministry

of Health to claim achievement of the Millennium Development Goals for infant and child mortality before the 2015 target. However, despite the existence of a national tax-financed health system, a large proportion of health expenditures are still out-of-pocket (nearly 31 per cent in 2011 according to the World Health Organization (WHO)).

Social protection for children and families

As part of the social assistance pillar established in the constitution and the Organic Social Assistance Law 8742 of 1993, the Bolsa Família programme is the most significant income transfer programme in Brazil. It is aimed at reducing inequalities and breaking the inter-generational transmission of poverty, in particular among poor and extremely poor families, by promoting access to health, education and other welfare public services. Launched in 2003 as a provisional measure, it was converted into Law 10.836 in 2004 at the same time as the establishment of the Ministry of Social Development and Hunger Eradication, the first of many legal instruments adopted in support of the formal organization of Bolsa Família, including Decree No. 5.209 that regulates Law 10.836. The law establishes eligibility criteria, the benefit value, payment procedures and qualifying conditions, as well as the delivery mechanism and enforcement provisions, including sanctions in case of fraud. Details regarding the targeting process and the level and payment of benefits are provided by Decree No. 5.209. While the Bolsa Família covered approximately 3.6 million families at its creation in 2003, The Government estimated that in 2015 it reached nearly 14 million households in all municipalities (48 million persons), representing about one quarter of Brazil's population and costing only 0.5 per cent of gross GDP.

In 2011, the Brasil sem Miséria (Brazil without Extreme Poverty) programme was launched following the adoption of Decree No. 7.492 to expand and strengthen the focus of Bolsa Família by providing a cash transfer to large families and to pregnant women, as well as introducing an additional income guarantee known as a poverty Superation Benefit. In addition, the programme promotes improved coordination with other non-contributory programmes; it has a multilayer approach that also includes employment support benefits.

In line with Brazil's constitution, the scheme for private sector employees also provides family benefits to low-income employees with one or more children younger than 14 years of age according to Law 8.213 of 1991 regarding the General scheme. Since 2015, benefits were also extended to domestic workers and

the self-employed. Benefits are provided to one or both parents so long as they are in insured employment or receiving a sickness benefit. Benefits are conditional on vaccination certificates and school attendance. The allowances are paid directly by the employers and reimbursed by the National Social Security Institute. Benefits are adjusted annually according to changes in the consumer price index.

Social protection for women and men of working age

Although Bolsa Família primarily targets families with children, it should be noted that families in extreme poverty may qualify even if they do not have children. In addition to enhancing access to public services, such as health, social assistance, food security, education and housing, the Brazil sem Miséria programme also promotes social inclusion by facilitating labour market integration, providing training and fostering smallholder agriculture, among other initiatives. By 2014, this programme met its goal of lifting 16 million people out of extreme poverty and is currently in its second phase.

Brazil's contributory scheme provides sickness and maternity benefits, work injury benefits and disability and survivors' benefits to private sector employees and civil servants, including rural workers, domestic workers, some categories of casual workers and self-employed persons. The Constitution, in particular articles 40 (public servant schemes) and article 201 (General Regime for the private sector), established contributory benefit programmes, as codified in Laws 8.212 and Law 8.213 on social security. In addition, Law No. 7.998 of 1990 regulates unemployment insurance for persons employed in the formal private sector, as well as other categories of workers, such as household workers and fishermen. Self-employed persons, however, are not covered. Law 9.717 covers entitlements and related parameters for public servants.

Brazil's rural social insurance model is an interesting feature of its social insurance system given the extent of the country's agricultural sector (with 18 million employees according to the Food and Agriculture Organization of the United Nations). This hybrid scheme, contributory in nature but significantly subsidized by the Government since its inception in the early 1970s, aims to address the unique needs of the rural sector. In line with the principle of equivalence set out in the constitution, the rural social insurance scheme, established by Laws Nos. 8.212 and 8.213 following the amendments introduced by Law 11.718 in 2008, provides disability and survivors' pensions, as well as maternity, work injury and sickness benefits. The scheme covers types of beneficiaries: (a) wage

earners of large rural farms; (b) self-employed farmers who meet the criteria for small peasants; and (c) small peasants who work with family members on a plot of land smaller than 4 fiscal modules. Where necessary, contributions are based on the percentage of sold production.

Social protection for older women and men

In accordance with article 203 of the Constitution, the Continued Social Assistance Benefit (Benefício de Prestação Continuada (BPC)) is a non-contributory scheme that provides a cash amount equivalent to the minimum wage for elderly persons living in extreme poverty. The BPC therefore benefits from a constitutional legal status and is further codified by Law No. 8742.

In line with the constitution (articles 201 and 202), the old-age contributory pension system is composed of three pillars: the General Social Security pay-as-you-go mandatory scheme for private sector employees codified by Laws No. 8212 and 8213; a Pension Regime for Government Workers codified by Law 9.717; and a supplementary private pension system. Under the first two pillars, salaried workers in industry, commerce and agriculture, as well as rural, domestic and casual workers, elected civil servants and self-employed persons are covered in case of survival beyond the age of 65 (men), 60 (women, male rural workers and civil servants) or 55 (female rural workers and civil servants).

The constitution provides certain parameters in article 202 that govern the private pension supplementary system, including its voluntary nature, right to information and the need to be regulated by law. Complementary Laws No. 108 and 109 regulate the general rules and those regarding the state-run pension funds, respectively.

Following a reform in 2013, persons with disabilities are now covered through a new legal retirement scheme that responds to their special needs in line with the constitution and the UN Convention on the Rights of Persons with Disabilities.

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

Brazil is moving towards developing a comprehensive legally entrenched system providing protection throughout the life cycle. This is done by providing

four basic social security guarantees set out in the Social Protection Floors Recommendation, 2012 (No. 202), as well as higher levels of protection set out in other ILO social security instruments.

Access to health services are granted through a universal health care scheme. Income security for families with children is ensured through contributory family benefits, non-contributory Bolsa Família cash transfers and the Brasil sem Miséria programme. Income security for persons of working age is also guaranteed through contributory unemployment, maternity, sickness, employment injury, invalidity and survivors' benefits along with measures aimed at facilitating labour market integration, including through non-contributory schemes. Families in extreme poverty also qualify for Bolsa Família even if they do not have children. Finally, both contributory and non-contributory schemes provide older persons with income security.

Figure 4. Brazil social protection legal framework

Formal Sector	Public sector		Lei 9.717		Lei 9.717
	Private Sector Low-income employees		Lei 8.213	Lei 8.212 Lei 8.213 Lei 13.135	Lei * 7.998 Lei 8.212
Workers in the informal economy	Rural wage workers	Lei 8.213	Lei 8.213		Lei 8.213
	Domestic workers	Lei Organic a da Saude 1990			
	Self-employed	8.080			
	Others				
Poor and extremely poor all sectors	National Poverty Line				
		Lei 10.836 Decreto 5.209 Decreto 7.492	Lei 10.836 Decreto 5.209 Decreto 7.492	Lei 8.724	
	Health	Children and Families	Working Age	Old Age	
CONSTITUTION Arts. 194, 201-203					

* Unemployment Benefits

Among the 96 ILO Conventions it has ratified as of 2015, Brazil is one of seven countries to have accepted all nine branches of the Social Security (Minimum Standards) Convention, 1952 (No. 102), in June 2009. It is also one of eight countries to have ratified the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), in 1993, and has been a State party to the Maternity Protection Convention (Revised), 1952 (No. 103) since 1965 and to the Equality of treatment (Social Security) Convention, 1962 (No. 118) since 1969. The ratification of these Conventions is known to promote, solidify and sustain social protection rights.

The comprehensive and legally anchored Brazilian social security architecture has been commended for its efforts in extending social protection according to ILO standards, including Recommendation No. 202, notably by the supervisory body charged with monitoring ILO social security instruments.

The development and successful implementation of Brazil's comprehensive legal framework is furthered by the distinct prominence and culture of social dialogue around social protection. For example, a quadripartite (government, workers, employers and pensioners) National Social Protection Council was established by Law 8.213 and meets monthly to discuss, deliberate on and publish about relevant issues. Coupled with the extensiveness of detailed social protection provisions in the constitution, Brazil has paved the way for ensuring the extension of social protection through a comprehensive legal and institutional framework in line with the principles of universality of protection and coherence with social and employment policies as established by ILO instruments and other UN Conventions.

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Anchoring people's social security rights in law

Maya Stern Plaza and Geneviève Binette

Summary

The South African social protection system is one of the most comprehensive in the region. Its statutory and effective coverage rates are above the region's average and comparable or even beyond those of other countries in the Brazil, Russian Federation, India, China and South Africa (BRICS) group of countries. The comprehensive nature of the system lies in its contributory and non-contributory cash and in-kind legal guarantees, which form the country's national social protection floor; these can be attributed to the national political commitment to curb poverty, effective institutions and delivery systems, a sound fiscal basis and adequate funding. The system rests on three pillars: social assistance, mandatory social insurance, and voluntary private insurance. The Constitution of South Africa, characterized by its broad-ranging social and economic rights including the entrenched right to social security, has played a key role in the development of the social security system.

Main lessons

- South Africa's experience shows that the Constitution, when it is given effect through the implementation of a strong legal framework, can play a pivotal role in establishing a comprehensive social protection system.
- South Africa's experience also shows that legal and effective coverage can be achieved through a mix of social assistance and contributory social protection schemes, anchored in a solid legal framework that complies with

international social security standards, together with a significant extension of social protection.

- The mix of schemes, in particular the introduction of rights-based social assistance programmes, has contributed to the effective and sustainable reduction of poverty and income inequality.

4.1 The right to social protection in the Constitution of South Africa

South Africa has embraced a rights-based approach to social security which flows from the provisions of the Constitution to the laws and implementing regulations that make up the social security legal framework.

The South African Bill of Rights guarantees everyone's right to have access to health care services, including reproductive health care and sufficient food and water, as well as the right to social security, including appropriate social assistance, and to emergency medical treatment (Chapter 2 of the Constitution, article 27). The Constitution further requires the State to take reasonable measures, including legislative measures, within available resources, to achieve the progressive realization of each of these rights.

The constitutional right to social protection is given effect through the implementation of a legal framework that guarantees coverage of the population against the risks faced throughout the life cycle, both through social assistance programmes and contributory schemes. This legal framework also guarantees people's protection against poverty, vulnerability and social exclusion.

4.2 Legal architecture of the South African social protection system

Access to health care

Access to health care is granted either through the public health system funded through the budget (general taxes) or through contributory medical schemes that cover employees in the public and private sectors. The National Health Insurance Act No. 61 of 2003 makes explicit reference to the right to health enshrined in the Bill of Rights. It establishes the national health system and the provision of health services, including reproductive health care and emergency medical treatment, basic nutrition and basic health care services for children.

The public health system provides free primary health care (including emergency care, reproductive care, immunization, family planning, tuberculosis treatment and treatment of sexually transmitted diseases) to all residents, whether national or non-national, including refugees and asylum seekers, thanks to jurisprudence emanating from the Constitutional Court. Other medical services require cost-sharing for households above an earnings threshold as set by the Ministry of Health in the approved Uniform Patient Fee Schedule. Those earning less than the threshold are either fully or partially subsidized or receive free medical care services. In addition, pregnant mothers, the disabled, pensioners and the indigent have access to free health services. The public health system is, however, under-resourced (both in terms of financial and human resources), particularly relative to the size of the population that it serves.

Contributory medical schemes provide access to private health-care facilities to 7 million people (14 per cent of the population). Membership in these medical schemes and hospital care plans is not statutorily mandated, although it is frequently a condition of employment. The Medical Schemes Act 131 of 1998 provides a minimum package of benefits and regulates such contributory medical schemes.

The country spends far more than other middle-income countries on health care (8.5 per cent of GDP in 2014). However, health outcomes have been comparatively limited, primarily because of inequities between the public and private sectors. Discussions are currently under way on the possibility of introducing comprehensive national health insurance to provide all South Africans, irrespective of their employment status, with equitable access to affordable and quality health care.

Social protection for children and families

Income security for families with children is mainly provided by several tax-financed programmes.

The Social Assistance Act 13 of 2004 provides, among others, Child Support Grants, Care Dependency Grants and Foster Care Grants. South African citizens, permanent residents (persons who are lawfully and permanently resident in South Africa) and refugees (as defined in section 1 of the Refugee Act of 1998) are covered by this scheme. The Child Support Grant is a means-tested non-contributory cash transfer targeted at children 0 to 18 years of age. The grant is provided to the primary caregiver of a child for up to a maximum of six children. It currently reaches more than 11 million children (out of a population

of 19 million children) and is recognized as one of South Africa's most effective poverty reduction programmes.

The Care Dependency Grant provides for severely disabled children under the age of 18 who are in need of special care. The Foster Care Grant is the only non-means-tested grant. The purpose of the grant is to encourage families to foster children who would otherwise be placed in institutional care.

Social protection for women and men of working age

Income security for people of working age is guaranteed through non-contributory and contributory schemes. The non-contributory scheme provides disability grants for women and men of working age. Persons of working age may access unemployment, sickness and maternity through the social insurance scheme or, in the case of employment injury, through a workers' compensation fund.

According to the Social Assistance Act 13 of 2004, disability grants are provided to beneficiaries aged 18-59 years who have sustained a non-occupational accident or disease resulting in permanent invalidity. The benefit is considered permanent if a citizen or permanent resident is assessed as medically disabled for more than 12 months. The benefit ceiling is currently set at 1,500 South African rands (ZAR) per month (approximately US\$112).

Most benefits for women and men of working age are provided under the contributory system, in particular the mandatory social insurance scheme. Employees, including domestic workers, seasonal workers, mineworkers, formally employed agricultural workers and high-income earners, are entitled to unemployment, sickness and maternity benefits according to the Unemployment Insurance Act (UIA) of 2001 and the Unemployment Insurance Contributions Act 4 of 2002. Most atypical workers (i.e. independent contractors, dependent contractors and the self-employed), informal economy workers, the long-term unemployed, migrant workers and civil servants are excluded. The Unemployment Insurance Fund has proposed legislative changes to include some categories of excluded groups, including public servants, legal migrants and those in apprenticeships. Other changes would include increasing the levels and duration of benefits.

Employment injury benefits are provided by the Workers Compensation Fund established by the Compensation for Occupational Injuries and Diseases Act of 1993 (COIDA). The current legislation is more extensive and covers all employees (not only "workmen") for temporary disability benefits, permanent

disability benefits, death benefits and medical expenses. Domestic workers, the unemployed and those in non-standard forms of work, such as the informally employed, self-employed and so-called dependent contractors, are excluded. Workers in the mining and related industries receive lump sums under the Occupational Diseases in Mines and Works Act 78 of 1973 (ODMWA). There have been calls to merge both schemes to resolve a number of inconsistencies.

It may be noted that as a rule the South African social security system does not provide for the payment of death and survivors' benefits as a separate contingency. These are provided under a patchwork of legal provisions. Some may access survivors' benefits under COIDA or ODMWA where the loss of support suffered is the result of death following an employment accident or disease. Otherwise survivors' spouses or life partners can access benefits under the UIA. Finally, the Pensions Funds Act 24 of 1956 provides survivors' benefits via retirement funds in the absence of a national pension scheme.

Social protection for older women and men

South Africa does not have a national or public retirement fund scheme. Older persons have two main sources of income: the State's Older Person's Grant (OPG) and private pensions. Roughly two-thirds of South Africans do not contribute to a private pension, meaning they will rely on the OPG, their own private savings or support from relatives.

The Social Assistance Act 13 of 2004 sets out the entitlement conditions for access to the OPG, which is a means-tested grant provided to eligible pensioners aged 60 and over. Currently, nearly 3.2 million older persons receive this benefit. In April 2016, the old-age grant was equal to ZAR1,500 (US\$112) for pensioners aged 60 to 74 and ZAR1,520 (US\$114) for pensioners aged 75 or older. Along with other grants, the OPG is one of the most important tools for poverty reduction in the country. This is evidenced by the reduction in the incidence of poverty among older persons, from 55.6 per cent in 2006 to 36.2 per cent in 2011.

Membership in private pension funds is not statutorily mandated; however, it is frequently a condition of employment. Private pension funds are primarily regulated by the Pension Funds Act 24 of 1956. The system is fragmented with close to 14,000 retirement funds. The Government has been considering pension reform. Reforms would include replacing the OPG with a universal basic pension that is accessible to all citizens and qualifying residents and including a mandatory contributory arrangement for the formal sector with legally guaranteed minimum benefits.

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

South Africa has established a comprehensive social protection system in line with a rights-based approach. The system is comprised of an extensive social assistance programme and a number of social insurance programmes underpinned by an entrenched Constitutional right to social security. This right is accompanied by the obligation to take reasonable legislative measures to achieve the progressive realization of the right to social security in keeping with international standards. This has resulted in a strong legal framework that encompasses several laws covering all contingencies foreseen in the Social Security (Minimum Standards) Convention, 1952 (No. 102). The Constitutional Court

Figure 5. South africa social protection legal framework

Formal Sector	Public sector				Pension Funds Act
	Private Sector	*		UIA** COIDA ODMWA ***	
Workers in the informal economy	Rural wage workers			UIA**	
	Domestic workers				
	Self-employed	National Health Insurance Act			
Poor and extremely poor all sectors		Social Insurance Act	Social Insurance Act ****	Social Insurance Act	Social Insurance Act
		Health	Children and Families	Working Age	Old Age
BILL OF RIGHTS					

* The Medical Schemes Act regulates the private health scheme
 ** Unemployment, Sickness, Maternity Benefits
 *** Employment Injury Benefits
 **** Disability Grants

has also played a role in developing a substantial body of jurisprudence on the obligations imposed by the provisions of the Constitution, including the need to extend coverage to certain vulnerable groups.

In the field of social security, South Africa is a Party to the Unemployment Convention, 1919 (No. 2), as well as to the Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19). In 2013, South Africa ratified the Domestic Workers Convention, 2011 (No. 189), which requires the State to ensure that domestic workers enjoy social security protection that is not less favourable than those applicable to workers generally. South Africa has not yet ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102), although it has considered the possibility to do so. According to a comparative assessment undertaken by the International Labour Organization (ILO) in 2014, South Africa would be in a position to ratify this landmark international standard and would be the first country to do so on the basis of its well-developed social assistance system. By ratifying Convention No. 102, South Africa would also establish itself as a model and an example for other southern African and African countries at large. Ratification would demonstrate South Africa's ongoing political will to effectively implement a coherent social security system as part of national development policies that are in line with the most recent international social security standard, the Social Protection Floors Recommendation, 2012 (No. 202).

While the South African social security scheme illustrates a good example of a comprehensive system, some challenges still need to be addressed, in particular overcoming administrative deficiencies in the granting of social assistance; addressing the country's high unemployment rate; and extending coverage to atypical workers, including workers in the informal economy, as well as the long-term unemployed and structurally unemployed youths and adults. Despite the fact that South Africa draws a good number of migrant workers from across the continent, temporary migrants do not have access to social assistance or UIA benefits. As such, the extension of social protection should seek to fulfil the principles of the universality of social protection and social inclusion established in relevant international standards. It should be noted that the Constitutional Court has succeeded in extending access to non-contributory benefits to refugees and asylum seekers. A reform process is also under way that aims to remedy some of the above-mentioned shortcomings.

As a BRICS country, South Africa seeks to fill social protection coverage gaps and continues building its social protection system through a rights-based

approach. The South African system is a good regional example of the development of social security systems, whether for middle-income countries, countries with diversity in patterns of employment, countries with relatively high unemployment rates or countries with unequal distributions of income and jobs.

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Ratifying the Social Security (Minimum Standards Convention, 1952 (No. 102) to establish minimum levels of social security

**Emmanuelle St-Pierre Guilbault; Kroum Markov
and Leslie Bruguère**

Summary/main lessons

On 6 June 2016, on the occasion of the 105th session of the International Labour Conference, Ukraine ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102) and accepted the entire set of protections established by all nine social security branches (medical care, sickness, unemployment, old age, employment injury, maintenance of children, maternity, invalidity and survivorship). Due to its unique features, Convention No. 102 is the main international treaty setting out minimum standards for the establishment and governance of comprehensive social security systems providing adequate protection against the entire range of social risks that people face throughout their lives.

Ukraine became the fifty-third country to ratify Convention No. 102, committing to providing minimum levels of protection for all nine social risks listed by the Convention. The ratification of this global benchmark comes as a concrete answer to some of the challenges that the country is facing with regard to the maintenance of living standards of the population

The commitment to maintain existing levels of health and income protection expressed by the ratification constitutes both a legal and a political response to sustain a well-functioning social protection system that covers virtually all segments of the population and aims to guarantee adequate levels of social protection.

5.1 The context

The ratification of Convention No. 102 occurred in a context of deep and prolonged economic downturn, marked by falling levels of economic activity and an erosion of the national currency and growing inflation, when the need for social security was greater than ever. A significant part of the population was affected by the events and experienced income insecurity and vulnerability due to precarious living conditions and internal displacements.

Under severe fiscal pressure, the Government had started to implement several reforms affecting the social security system, including the reorganization of the institutional set-up of the administration of various schemes, changes in entitlement conditions and in benefits levels, and changes in financing (in particular of the contribution rates).

Against this background, the ratification of Convention No. 102 represents a major step towards strengthening Ukraine's social protection system with reference to the internationally agreed minimum standards of protection of the population. Convention No. 102 sets out principles to guide the design, financing, governance and monitoring of the national social security system and to guarantee its durability and sustainability while ensuring that the minimum level of protection established is guaranteed even during economic crises and downturns. Once ratified and implemented by law and applied in practice, Convention No. 102 greatly contributes to securing decent work through comprehensive and adequate social protection as well as poverty alleviation, objectives that are set out in the 2030 Agenda for Sustainable Development.

5.2 Technical support provided by the International Labour Organization

Although efforts had initially started in the early 2000s, the actual ratification was the result of the Government's third attempt to place the ratification of Convention No. 102 on the agenda, together with ratification of the European Code of Social Security, which is largely based on Convention No. 102.

The support of the ILO was provided as part of an integrated response to assist the Government and social partners in effectively formulating and implementing appropriate measures to sustain the existing social security system under the unfavourable socio-economic and political circumstances. This response included a broad range of technical assistance in the areas of policy dialogue, awareness-raising and capacity-building for Parliamentarians, tripartite constituents and academia.

At all stages, the ILO's technical assistance for the ratification of Convention No. 102 was based on constructive social dialogue, with the support of national and international experts (see figure 6).

Figure 6. Summary of steps leading to Ukraine's ratification of Convention No. 102



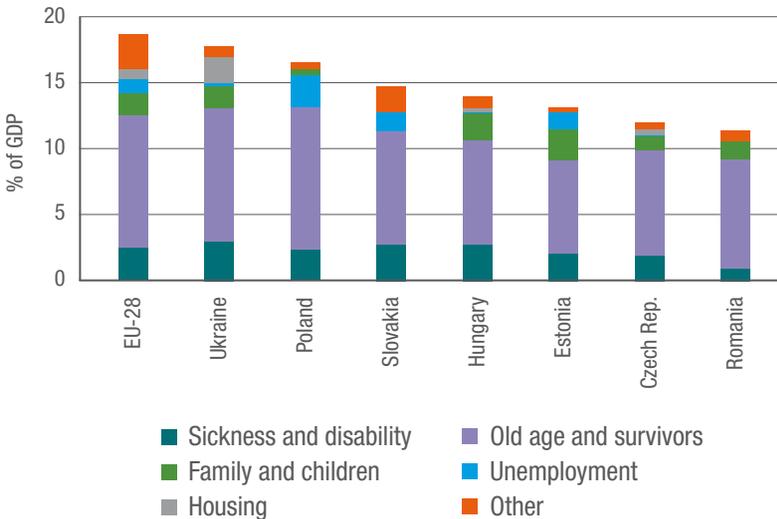
5.3 Ukraine’s social security system

Ukraine has a long tradition of social security and its first system dates from Soviet times. Since its independence in 1991, its institutional foundation was remodelled on the principles of social insurance, involving a mix of contributory and non-contributory provisions, to achieve nearly universal coverage.

The Constitution of Ukraine of 1996 (amended in 2014) provides a legal basis for the development of social protection following a rights-based approach. It lays down the right of every citizen to social security, in particular income security in the event of incapacity for work, loss of a breadwinner, unemployment, old age and other contingencies envisaged by law (article 46). The Constitution further enshrines the right to housing (article 47) and to an adequate standard of living (article 48). These provisions have been given effect through an extensive legal framework setting out the scope of population and coverage of contingencies as well as the rights and obligations of the persons covered, of employers and of the State.

According to the State Statistics Service of Ukraine, total social security expenditure in 2016 was higher than those of any of the new European Union (EU)

Figure 7. Social protection expenditures in Ukraine and selected EU countries, 2016



Source: State Statistics Service of Ukraine; ILO 2017.

member countries neighbouring Ukraine (see figure 4). It was characterized by the relatively high expenditures on benefits for families and children (2.7 per cent of GDP or 11.2 per cent of total expenditure) which was slightly higher than the EU average and dominated by expenditure on old-age, disability and survivor benefits (16 per cent of GDP or nearly two thirds of the total).

The social protection system of Ukraine includes a combination of contributory social insurance and non-contributory social benefits of universal or categorical nature. At the same time, targeted social assistance schemes have recently been expanded. Benefits in kind, which secure access to services or goods at subsidised prices, are also provided.

Non-contributory social benefits

Non-contributory social benefits include maternity, disability, social pension and child benefits in cash, as well as social assistance benefits and subsidies. They play a major role in poverty reduction. Approximately 60 per cent of households are receiving some kind of social transfer. In the case of the poorest quintiles, coverage by these benefits is above 70 per cent (World Bank, 2014).

A large part of these benefits are categorical, mainly directed to families with children, as provided by the Law on State Social Aid to Indigent Families of 2000. In the context of the poverty reduction strategy adopted in 2016, the Government aimed to expand the role of targeted social assistance for low-income families (called the guaranteed minimum income programme). Non-contributory social benefits are financed through subsidies of local budgets from the state budget.

Contributory social insurance system

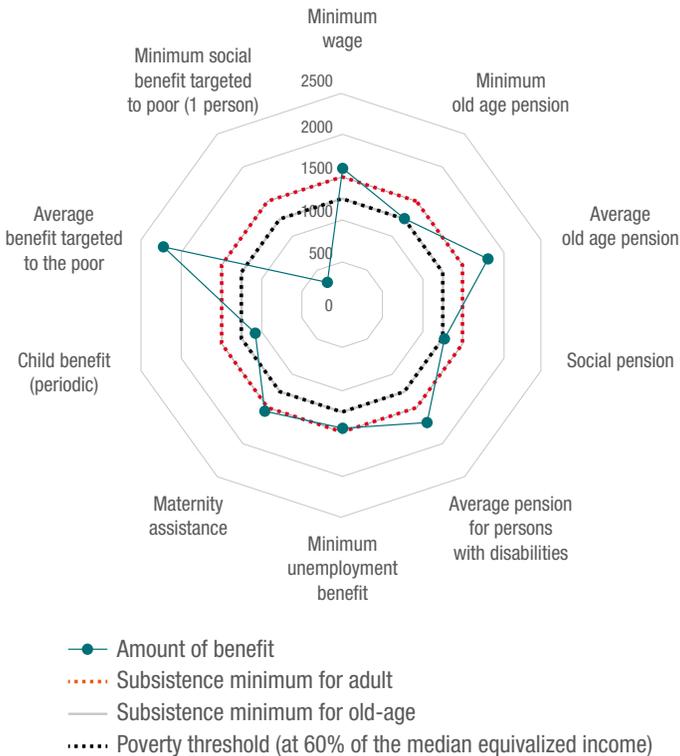
The contributory social insurance system is comprised of old-age, disability and survivor pensions as well as maternity, sickness, unemployment and employment injury benefits, covering employees and in some cases the self-employed. These benefits, financed by employers' contributions, come under the Pension Fund, the Unemployment Insurance Fund and the Social Insurance Fund of Ukraine.

5.4 The adequacy challenge

Although the coverage of the population is high if not close to universal for some types of benefits, in recent years there has been an erosion in the level of

contributory benefits, which can be explained by the irregularity of adjustments during a period of high inflation. Since 2011, pensions had been indexed only twice on an ad hoc basis and indexation was frozen in 2014. In 2016, national legislation was amended and currently provides that pensions must be indexed to 50 per cent of wage increases, 50 per cent of inflation for the period 2019-2020 and 50 per cent of average inflation from 2021 onwards. These important reforms carried out with a view to modernizing and securing the financial sustainability of the social protection system have resulted in a notable reduction of the rates of all types of contributory benefits, notably old-age, invalidity and survivors pensions and social assistance benefits. Indeed, the average benefit rates currently remain at the minimum subsistence level and are often only slightly higher than the poverty line (see figure 8).

Figure 8. Benefit levels in Ukraine (UAH), 2016



Source: State Statistics Service of Ukraine, Ministry of Social Policy of Ukraine, Institute of Demography and Social Studies of Ukraine.

The ratification of Convention No. 102 represents an important guarantee that the minimum protection levels to which Ukraine has committed will indeed be observed and the Government will demonstrate compliance with these minimum standards in its periodic reports under the Convention.

5.5 Significance of ratifying Convention No. 102

The ratification of this landmark instrument is expected to generate positive outcomes for Ukraine and its people in the seven ways detailed below.

(i) Making the human right to social security a reality in Ukraine. Through the ratification of Convention No. 102, Ukraine undertakes to ensure the alignment of its legal system with the instrument that is at the core of the international social security legal architecture and that serves as a global reference in the field of social security. Convention No. 102 is also recognized under international law as the primary instrument for guiding the concretization of the human right to social security, as laid down in major human rights treaties signed by Ukraine, including the International Covenant on Economic, Social and Cultural Rights, the Convention of the Elimination of All Forms of Discrimination against Women, the Convention on the Rights of the Child and the Convention of the Rights of Persons with Disabilities. It can also be observed that Convention No. 102 is referenced by the European Social Charter and the revised Charter, which require States parties to maintain their social security systems at a satisfactory level at least equal to that necessary for the ratification of either Convention No. 102 or the European Code of Social Security.

(ii) A necessary step toward accession to the European Union. By ratifying Convention No. 102, Ukraine has progressed towards meeting the requirements of the Association Agreement signed with the European Union on 21 March 2014, including by enhancing the level of social protection and modernizing social protection systems, in terms of quality, accessibility and financial sustainability. The ratification of the Convention represents a guarantee for the further development of the national social security system, thus helping Ukraine on the road towards accession to the European Union. Convention No. 102 has served as a model for most regional social security instruments, including the European Code of Social Security and its Protocol, and thus represents an important step towards ratifying the Code.

(iii) Showing the political will to achieve the Sustainable Development Goals on social protection contained in the 2030 Agenda. The ratification

of Convention No. 102 shows the Government's commitment to further develop its social protection system and observe internationally agreed minimum levels of protection in the context of a globalized economy, thereby promoting fair and sustainable globalization. In a broader context, the ratification of the Convention is also conducive to achieving the Sustainable Development Goals, including target 1.3 on social protection and Goal 3 on good health and well-being, goal 8 on decent work and economic growth, Goal 10 on reduced inequalities and Goal 16 on peace, justice and strong institutions. This can be facilitated through technical cooperation with the ILO and other United Nations agencies and was prioritized in programming frameworks such as the decent work country programme of Ukraine, 2016-2019 and the United Nations Development Assistance Framework for Ukraine for 2018-2022.

According to Pavlo Rozenko, Ukrainian Vice Prime Minister, it also encourages closer coordination of our efforts with the ILO and other organizations of the United Nations system, attaching a strong social dimension to our international cooperation, and furthermore provides an opportunity, through the United Nations global initiative for establishing national social protection floors along the lines of ILO Recommendation No. 202, to put the national dialogue on these issues on a solid foundation in line with international social security standards.

(iv) Contributing to social peace and stability. The Government's commitment to apply the standards and good governance principles laid down in Convention No. 102 is conducive to building the confidence of the population in the social security system and its administration, and in the political system of the country in general. Hence, the ratification contributes to social peace and stability and achieving a better social equilibrium in Ukraine.

According to Pavlo Rozenko, Ukrainian Vice Prime Minister, the ratification of Convention No. 102 should become for Ukraine a starting point for further development of social policy focusing on a higher level of social protection and social security of citizens.

According to Olexiy Miroshnychenko, Deputy Chairman of the Federation of Employers of Ukraine, business has realized three strategic advantages of this ratification: decrease of social tension, motivation for legal employment and the promotion of decent work as an alternative to labour migration.

(v) Protecting the social protection system in times of crisis. Convention No. 102, through its 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 reform that is under way, thus providing a guarantee that the country's social security system will continue to rest on sound governance principles and ensure effective access to adequate medical care and income security for all.

According to Pavlo Rozenko, Ukrainian Vice Prime Minister, the ratification of this key Convention provides a firm legal basis for strengthening the social protection system in Ukraine in conditions of economic crisis and external threats.

(vi) A way to address the adequacy challenge. The ratification provides a safeguard against the erosion of benefit levels and their maintenance at adequate levels, guaranteeing at life in health and decency, while supporting the extension of population coverage and promoting a better access to social protection benefits and assistance.

(vii) A sound basis for the future development of social protection in Ukraine. In recent years, the ratification of Convention No. 102 has been of particular importance for countries undergoing reforms. For Ukraine, Convention No. 102 has a huge potential to serve as a catalyst for improvement of the current system based on internationally agreed principles of good administration and financing. The ratification of Convention No. 102 allows Ukraine to benefit from priority technical assistance from the ILO in the implementation of the Convention so as to ensure compliance with its requirements and preserve the social protection system should it be threatened in times of crisis or come under pressure during reform processes.

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A national dialogue to identify social protection priorities

Lou Tessier

Summary

The social protection assessment-based national dialogue (ABND) process in Myanmar helped to develop a consensus on the status of the existing social protection situation in the country, including the identification of social protection schemes administered by the central Government, related challenges, and policy recommendations and their estimated costs. Several national dialogue workshops were held to debate and decide on concrete policy recommendations to establish the social protection floor (SPF) in Myanmar.

The ABND process conducted during the period 2013-15 convened a wide range of social protection stakeholders, including:

- the national ministries of social welfare, relief and resettlement; labour, employment and social security; health; finance; education; livestock, fisheries and rural development; national planning and economic development; and home affairs;
- workers' and employers' representatives;
- United Nations system and other international development agencies, such as the International Labour Organization (ILO), International Organization for Migration (IOM), Japan International Cooperation Agency (JICA), Joint United Nations Programme for HIV/AIDS (UNAIDS), United Nations Development Programme (UNDP), (UNFPA), United Nations Children's Fund (UNICEF), United Nations Office for Project Services (UNOPS), World Food Programme (WFP), World Health Organization (WHO) and World Bank;
- non-governmental organizations;
- research institutions.

Main lessons

- The ABND process helped to define the SPF in Myanmar and provide inputs to the national social protection strategic plan and policy discussions on the rural development strategic framework and universal health coverage.
- At the time of the ABND process, Myanmar was in a post-conflict setting and undergoing a transition to full democracy. Against this backdrop, the ABND successfully facilitated participatory dialogue on social policy among ministries and development partners.
- The cost of providing the SPF to all people in the country was estimated, as a basis for prioritizing policy recommendations and exploring the mobilization of fiscal resources.
- The ABND process was harmonized with other social protection activities undertaken in Myanmar, such as the World Bank's social protection inventory. This encouraged collaboration between development partners under the auspices of the Social Protection Inter-Agency Cooperation Board (SPIAC-B), based on mutual synergies.

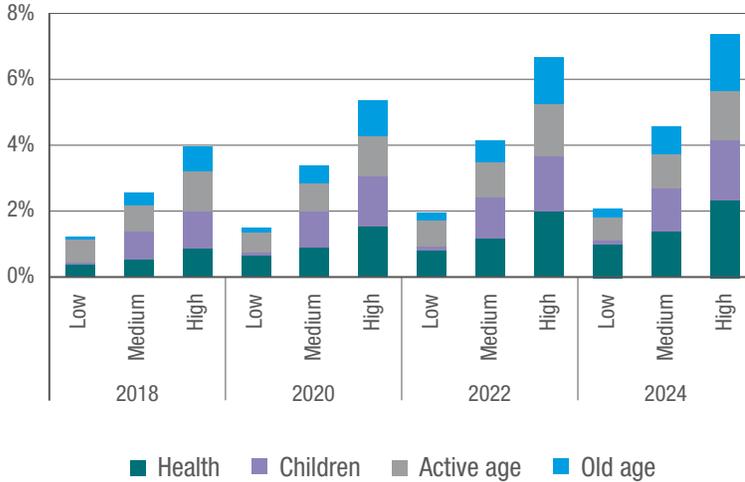
6.1 What was the ABND process and what were its outcomes?

Step 1. Building the assessment matrix. The ABND assessment matrix was prepared based on an inventory of social protection schemes developed by the World Bank. The matrix describes the social protection schemes in Myanmar that are administered by the central Government and compares them with the SPF guarantees to identify gaps and challenges.

The matrix was reviewed at the first national dialogue workshop, held from 23 to 25 March 2014. The outcome of the workshop was a consensus on the social protection provisions in Myanmar, gaps in coverage, implementation issues and policy recommendations to address these issues and establish the SPF for all people throughout their life cycles.

Step 2. Costing the SPF. A second national dialogue workshop was held from 18 to 20 June 2014 to translate recommendations into practical policy options in order to estimate their costs. The costing exercise was facilitated by the ILO and received inputs from the United Nations country team, national ministries and NGOs.

Figure 9. Cost of SPF packages as a percentage of gross domestic product (GDP), 2018-24 (Myanmar)



Source: ILO, 2015.

A third national dialogue workshop was held from 3 to 5 September 2014. The workshop included training on using the rapid assessment protocol costing model and a review of the policy options. It produced cost estimations for three SPF packages (low, medium and high), depending on national priorities. The SPF package of benefits was estimated to cost between 2.2 and 7.2 per cent of GDP once fully implemented by 2024, as shown in figure 9.

Following the costing of the SPF, simulations were done to estimate the impact of the SPF on poverty reduction in the country. The simulations suggest that the SPF has the potential to reduce poverty incidence by 13 per cent and a universal social health protection scheme can reduce the incidence of poverty by 4.3 per cent.

Financing the SPF would involve mobilizing additional fiscal resources. At present, government revenues in Myanmar rely heavily on revenues of state-owned enterprises and proceeds from the sale of licences to international companies entering the local market. Fiscal resource mobilization can be achieved through several means, such as budgetary reallocations, changes in the government revenue structure and introduction of taxes. This is important to ensure the sustainable financing of the SPF.

Step 3. Launching the ABND report. The initial ABND report was prepared in September 2014 and provided inputs to the drafting of the national social protection strategic plan, which includes eight new flagship programmes for the extension of social protection as developed through the ABND process. The plan was adopted in December 2014 under the leadership of the Ministry of Social Welfare, Relief and Resettlement. The final ABND report was launched in May 2015 and contributed to several further policy discussions, such as on the rural development strategic framework, universal health coverage and an essential package of health services for all.

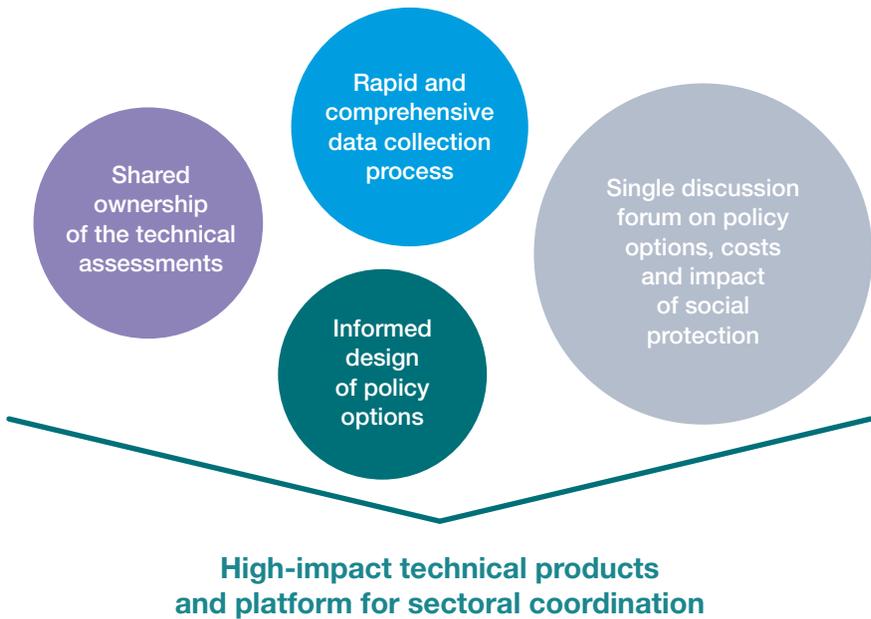
6.2 How did the ABND exercise capitalize on mutual synergies?

In Myanmar, the national dialogue process capitalized on the mutual synergies and resources of different international development agencies by coordinating their different social protection tools. For instance, the ILO, WFP and the World Bank worked together to combine United Nations ABND methodology and the SPIAC-B social protection assessment (SPA) tools. The SPA inventory of existing social protection provisions informed the first step of the ABND process, which included listing existing social protection schemes, issues and policy recommendations. Similarly, the national dialogue process that forms the core component of the ABND offered a platform for discussing the results of the SPA tool.

This coordination helped to capitalize on mutual strengths and avoid duplication of effort. Cooperation between agencies allowed them to share the workload of data collection and avoid fatigue among key stakeholders. It also fostered shared ownership of the different tools. The development partners were able to provide relevant and effective technical inputs to the policy-making process in Myanmar through a participatory process with the ultimate objective of moving towards making basic social protection a reality for all people in the country.

The information collected for the ABND matrix was made available online to avoid discrepancies in the data and figures used by various stakeholders.¹ As a result, the stakeholders agreed on a baseline for monitoring progress as the extension of social protection moves forward.

¹ www.social-protection.org/gimi/gess/ShowProject.action?id=3010.



Application of the different social protection tools also facilitated the development of the national social protection strategic plan, which includes eight flagship social protection schemes proposed by the ABND process. To make the plan a reality and implement the SPF in the country, further work is required to assess its fiscal implications. Greater and improved coordination among ministries is also needed. For this to be done, the results produced by the ABND and SPA tools can be used as a basis for further discussions, analysis and decision-making.

6.3 What's next?

Extending the coverage of social protection schemes to all people in Myanmar can be achieved in three steps, as described below.

Mobilizing sustainable fiscal space. The recommendations of the ABND process can be used to advocate to the Government to make effective investments in the social protection system. Building the national social protection system through fiscal investments can help to ensure sustainability of the system. A detailed expenditure review can be conducted to identify ways to generate fiscal resources for social protection. Furthermore, prioritization of the recommendations and a phased implementation plan can help to ease the burden on fiscal resources.

Scaling up existing schemes and implementing new schemes. Detailed feasibility studies and legal reviews need to be carried out in order to implement or extend national social protection schemes and ensure their sustainability. The implementation can be done in an efficient, cost-effective and transparent way through the use of technology.

Strengthening sectoral coordination to aid benefit delivery. Coordination among different institutions needs to be improved, which could be facilitated by the multi-stakeholder working platform established by the ABND process. This can help to synchronize the identification of beneficiaries and the delivery of benefits to avoid fragmentation and duplication of effort. The platform can also be used to design the architecture of an integrated delivery system to improve access to social protection.

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BELGIUM

Civil society campaigning for social protection

Mies Cosemans; Carine Thibaut and Bart Verstraeten

Summary

In 2014, a coalition of Belgian civil society organizations launched the “Social protection for all” national campaign to promote the human right to social protection. The aim of the campaign is to raise awareness of the importance of social protection worldwide and convince Belgian and European policy-makers to take action to put into practice the right to social protection for everyone across the world.

Under the auspices of the two main umbrella organizations of the Belgian North-South movement, 11.11.11 (Dutch speaking Belgium) and CNCD-11.11.11 (French and German speaking Belgium), a group of trade unions, health mutual organizations and non-governmental organizations (NGOs) designed and implemented the campaign. Both umbrella organizations have a longstanding tradition of developing awareness-raising campaigns and conducting joint advocacy work targeted towards Belgian decision-makers.

The starting point for the campaign was the unacceptable fact that 73 per cent of the world’s population does not enjoy access to comprehensive social protection.

Main lessons

- The collaboration and coordinated action of a coalition of civil society organizations is a powerful tool to convince people and policy-makers of the importance of adequate social protection worldwide.
- The campaign showed that communication and awareness-raising are powerful tools for realizing the right to social protection.

- While older generations are aware of the importance of social protection because they have enjoyed the continuous developments achieved over the last century, younger generations often take social protection for granted and are not aware of its importance. The campaign was an opportunity to explain to the Belgian population that everyone should be concerned about social protection policies.
- The principle of the “right to social protection” received broad support. Many people understood that social protection is a basic prerequisite for a decent life.

7.1 Why is the “Social Protection for All” campaign needed?

The campaign was developed and launched for two main reasons:

- The civil society organizations involved (trade unions, health mutual organizations and NGOs) found that there was very little knowledge among the Belgian population about the substantial lack of social protection in the world. A decision was therefore taken to conduct a large-scale awareness-raising campaign to highlight the challenges faced by people who do not enjoy adequate social protection around the world.
- In the past, Belgium has played a lead role in promoting the issue of social protection on the international agenda. Despite this track record, campaign partners are convinced that the Belgian authorities could play an even greater and stronger role in the future. With the support of the wider public on this issue, the coalition seeks to ensure that social protection is firmly anchored in Belgian foreign policy.

Moreover, in Belgium, a high-income country, the issue of social protection remains a topical theme. Social protection guarantees, as in other European countries, are under increasing pressure. The campaign is also an ideal opportunity to explain to the Belgian population that the struggle for comprehensive social protection policies is relevant in Belgium and many other countries, as highlighted by the 2030 Agenda for Sustainable Development.

7.2 How does the campaign work?

The design of the campaign was initiated in 2014 with a seminar to develop the key strategic lines. Key United Nations experts, including from the

International Labour Organization (ILO) and the then Special Rapporteur on the Right to Food participated in the seminar, following which campaign partners agreed on a vision and a joint working definition of social protection as a foundation for the two-year campaign, which is largely inspired by ILO standards in the field of social protection, particularly the Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Social Protection Floors Recommendation, 2012 (No. 202).

The campaign aims to:

- raise the awareness of the general public about the importance of social protection and the fact that billions of people in the world lack access to social protection;
- put pressure on Belgian and European policy-makers to give social protection a central role in foreign policy.

The target groups are:

- the general public;
- Belgian and European policy-makers;
- the members and supporters of campaign partners;
- children and adolescents attending primary and secondary education.

To develop the advocacy agenda and awareness-raising materials, the partners' coalition established two different working groups. An advocacy working group wrote a powerful dossier on social protection worldwide, calling for "solidarity-based social protection, by all, for all". It also developed a manifesto to gather the institutional support of other Belgian civil society organizations for the campaign. By the end of 2015, a total of 56 Belgian civil society organizations signed up to the campaign manifesto.

A campaign working group developed the following materials and communication tools to make the general public aware of the importance of social protection worldwide:

- a public website containing information on the campaign and all the materials developed;
- a documentary about social protection in Bolivia, Senegal and Belgium as well as an interactive game on developing a social protection system, for which three prizes were awarded;

- photos and videos documenting the contrast between those who enjoy social protection and those that are excluded in Mali;
- a video containing testimonies of persons deprived of social protection in the global South and experiences of facilitating and promoting access to social protection;
- educational materials for primary and secondary schools: (a) campaign partners developed an education toolkit, including a board game, about social protection and lesson tips for teachers; (b) 11.11.11 commissioned a theatre company to produce a musical on the topic of social protection, thereby bringing the subject to the level of children; (c) CNCND-11.11.11 mounted an exhibition with cartoons which travelled the country; at their request, a theatre company produced a play about social protection in Belgium and internationally that was performed extensively in schools, training centres and cultural centres; (d) an action day was organized in schools and the coalition called on many schools to host awareness-raising actions, thereby putting the campaign in the spotlight and resulting in hundreds of actions that brought thousands of pupils into contact with the campaign;
- a video clip broadcast on national television, reaching hundreds of thousands of people;
- a compelling movie that, through creative word play, highlighted social protection, on the theme “Solidarity and caring for one another: In society we leave no one behind, we turn our back on no one.”

In the first year of the campaign, the coalition of partners tried as much as possible to get people to express their support for social protection for all. To that end, a special plaster was developed with the slogan “Social protection for all”, which people were invited to stick somewhere on their body before taking a selfie and uploading it on the campaign’s website.

Initially, the communication materials were used by all campaign partners to convey the same message. In the second year, each partner had the freedom to focus on a specific topic relating to social protection: 11.11.11 has chosen to highlight health care in the South, while CNCND-11.11.11 has worked on the link between free trade negotiations and social protection. The common advocacy working group remains deeply committed to embedding the principle of social protection in Belgian foreign policy.

With the support of partners in the South, the coalition launched a global call to action on social protection. To that end, they developed a visual “world map

of actions” undertaken by civil society organizations around the world to promote solidarity-based social protection. It sends a strong signal to politicians that people and civil society worldwide want solidarity-based social protection for all. Every added action increases the power of the campaign; these actions are compiled on a separate website. With operations in Belgium and throughout the world, the campaign can convince politicians of the need for adequate social protection worldwide.

7.3 What are some of the impacts of the campaign?

Some key impacts of the campaign are:

- In May 2016, the Belgian Federal Parliament adopted a resolution that requests the Belgian Government to give a clear and central place to social protection in Belgian international policy. As a result, the Federal Public Service on Social Security has concluded a cooperation agreement with the Belgian Development Agency to put their expertise at the disposal of third countries seeking support;
- More than 40,000 people posted a selfie to express their support for social protection for all;
- Guy Ryder, ILO Director-General, expressed his support for the campaign to the Belgian Federal Parliament in December 2015 and called upon the Belgian Government to support social protection worldwide;
- A total of 56 Belgian civil society organizations expressed their support for the campaign by signing the manifesto;

The principle of the right to social protection received broad support. Many people understood that social protection is a basic need for a decent life.

7.4 What are the challenges?

The campaign will officially finalize its activities in December 2016. Its legacy is a full package of tools and communication materials. The major challenge is the appropriation by civil society in Belgium of these materials and the campaign’s message in order to continue raising awareness and advocating for the extension of social protection.

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Educating people about their rights to social protection and obligations

Eduardo Méndez and Victoria Giroud-Castiella

Summary

In 2007, Uruguay launched an education initiative on social security that aims to inform the population of its rights and obligations, promote active participation in the improvement of the social security system and extend its coverage. The programme, entitled “Know your rights and obligations to social security”, is part of a comprehensive approach to build a fairer society and ensure decent lives for all.

Through a joint effort between the Banco de Previsión Social (BPS) (the national social security institution) and the institutions responsible for education and culture, the Government of Uruguay has introduced content on social security in the curricula used in schools and professional training institutions at all levels.

To date, the programme reaches 100 per cent of students, including children from the age of 5, adolescents attending high school and adults attending vocational training institutions or finalizing formal studies.

Uruguay has demonstrated that creating a culture of social security constitutes an important tool for extending social security and improving its functioning.

Main lessons

- The development of a culture of social protection contributes to coverage extension.
- Building a culture of social protection is a country-specific process that concerns society as a whole and relies on strong political will that is sustained over time.

- The “Know your rights and obligations to social security” programme is part of a strategy based on three principles: education, public awareness-raising and training BPS staff. This strategy ensures sufficient institutional capacity to respond to well-informed and active beneficiaries.
- The programme is compulsory and has been implemented progressively in all public and private schools; it reaches all children from the age of 5, adolescents and adults attending learning institutions.
- Formal agreements between the BPS and institutions in the areas of education and culture have guaranteed the development and sustainability of the programme.
- Teachers, students and social security experts have participated in the pedagogical design and development of the training manuals, ensuring their widespread effectiveness and continuous improvement.

8.1 Why was the Programme implemented?

In Uruguay, the BPS plans, coordinates and administers social security according to International Labour Organization (ILO) conventions and recommendations, in particular the Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Social Protection Floors Recommendation, 2012 (No. 202). Currently, 97 per cent of people above 65 years old receive a pension and 87 per cent of jobs are in the formal economy.

In 2005, the Government of Uruguay implemented public policies to extend social protection to the vulnerable and poor populations. Fieldwork showed that hundreds of individuals who qualified for social protection benefits did not have access due to a lack of knowledge and information. The Government developed and implemented a social security education programme based on the belief that the main obstacle to exercise the right to social protection was a lack of knowledge.

The Constitution of Uruguay guarantees free and non-religious education for the entire population. The mandatory educational period is 14 years and the literacy rate is 98 per cent, which is a key factor in guaranteeing the development of a social security culture through the education system.

The “Know your rights and obligations to social security” programme was launched in 2006 on the basis of the existing universal social protection system and sound education system.

The programme is based on two core principles: (a) exercising a right and fulfilling its inherent obligations depends on citizens' knowledge of that right; and (b) the social construction of the social protection system can only be achieved and sustained through the active participation of citizens.

8.2 A culture of social security: Towards universal social protection?

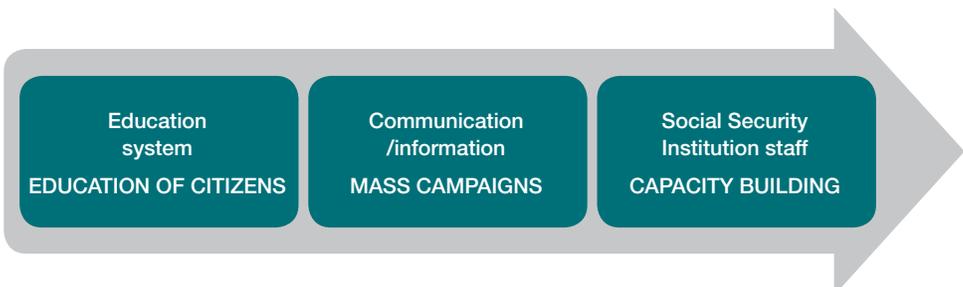
Uruguay had already achieved universal legal coverage for social security at the start of the programme; however, many Uruguayans were not informed of their rights. The programme has therefore contributed to making the right to social security a reality.

The programme is based on the following principles:

- Citizenship is exercised by every social group, by all actors and at every age;
- Education and information are the most powerful instruments for social change;
- Social security institutions should have the capacity to respond efficiently to the requirements of beneficiaries.

Consequently, the programme strategy is based on three related principles that are linked and mutually reinforcing:

- education for children and teenagers in educational environments through the “Know your rights and obligations to social security” programme;
- public information and communication campaigns;
- capacity-building of BPS staff.



8.3 The “Know your rights and obligations to social security” programme

The programme is based on institutional agreements between the BPS and the National Administration of Public Education, which formalize the use of the education system to introduce social security as a mandatory subject within the curricula of all public and private schools.

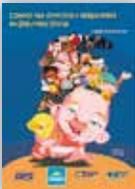
Interdisciplinary teams of teachers and BPS technical staff gradually developed training manuals, starting in 2006; students also participated in their design, development and validation.

The key contents of the training manuals are:

- the concept of social protection as a fundamental human right;
- solidarity and responsibility as core values;
- the implementation of solidarity through social security contributions and benefits;
- the BPS as the state body responsible for the administration of the social security system.

The educational materials were designed to be used in different areas of study and contexts according to the age of students, including through civic education, mathematics (calculations of contributions) and biology (health, maternity and prevention). Students’ learning outcomes on social security are evaluated.

Teachers attend capacity-building sessions that focus on specific training materials.

School cycle	Manuals	
Preschool (5 to 6 years old)	Growing up together	
Primary education (7 to 11 years old)	Interactive notebook: Know your rights and obligations to social security	

School cycle	Manuals	
High school – first cycle (12 to 15 years old)	Manual 1: Know your rights and obligations on social security	
High school – second cycle and professional training (16 to 19 years old)	Manual 2: Know your rights and obligations on social security	
Non-formal education (non-age bound)	Manual 3: Know your rights and obligations on social security	

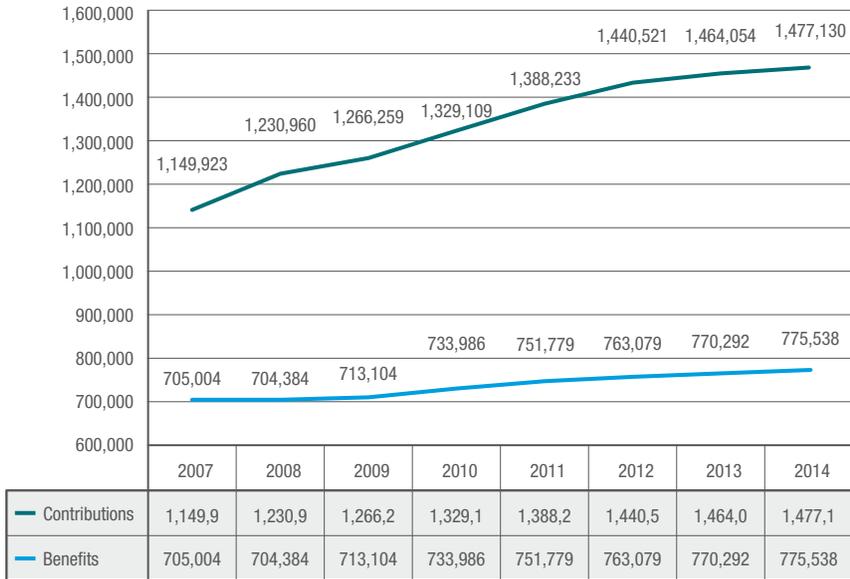
The BPS Centre of Studies on Social Security is responsible for coordinating the implementation and monitoring of the programme.

The programme is financed by the BPS and the National Administration of Public Education, both of which include the costs of the programme in their human resources budgets. The BPS covers the costs of printing the training manuals and the National Post Administration delivers them free of charge.

8.4 Impact of the education programme on the population

As a result of Uruguay's public and economic policies, the coverage of social security has increased gradually since 2005 and the social security culture resulting from the implementation of the education programme is one of the key factors that has contributed to that increase. Between the start of the programme in 2006 and 2014, the number of people registered for social security has increased by 22 per cent and the amount of pension benefits has grown by 15 per cent (figure 10).

Figure 10. Number of people registered to the BPS in Uruguay



The “Know your rights and obligations to social security” programme has delivered 1.2 million training manuals through the education system and professional training institutions. In an effort to make the content accessible to everyone, braille versions of the first three manuals have been produced for students with visual impairments.

The impact of the programme goes beyond students and impacts the family as a whole. Evaluation studies highlight positive outcomes and note that the programme’s main goals are being reached through its ownership by the education system, institutions and students.

At the international level, the Uruguayan experience provides a model for other countries. Several international organizations, such as the ILO, the International Conference on Social Security and the Ibero-American Social Security Organization, have invited Uruguay to present its experiences with the programme at international events and South-South exchanges. Several countries have also requested support from Uruguay in designing their own education programmes to develop a social security culture

8.5 Main challenges

To date, the “Know your rights and obligations to social security” programme is well-consolidated, institutionalized and integrated and follows a permanent extension process. The most important challenge facing the programme is to ensure its long-term sustainability.

In the coming years, the programme should evolve and change to support structural changes that have an impact on the social security system. The programme should also be ready to face new challenges, such as the ageing of the population, strong international migration flows, increasing unemployment, and climate and environmental changes that will affect the population and the social security system.

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Building a universal social protection system

Fabio Durán-Valverde and José Francisco Ortiz-Vindas

Summary

Recently, El Salvador has taken firm steps to establish a universal social protection system. The Government's strong political commitment and social dialogue have contributed significantly to this process.

The Universal Social Protection System (Sistema de Protección Social Universal – SPSU), which was introduced in 2009, seeks to ensure universal social protection in the areas of health, food, income security and vocational training. In 2014, Congress adopted the Development and Social Protection Act to institutionalize the SPSU and enhance its operation.

These initiatives are transforming the structure of the social protection system in El Salvador and have resulted in an impressive socio-economic impact: between 2008 and 2012, poverty rates fell from 39.9 to 34.5 per cent, while the Gini index of inequality fell from 0.48 to 0.41.

Main lessons

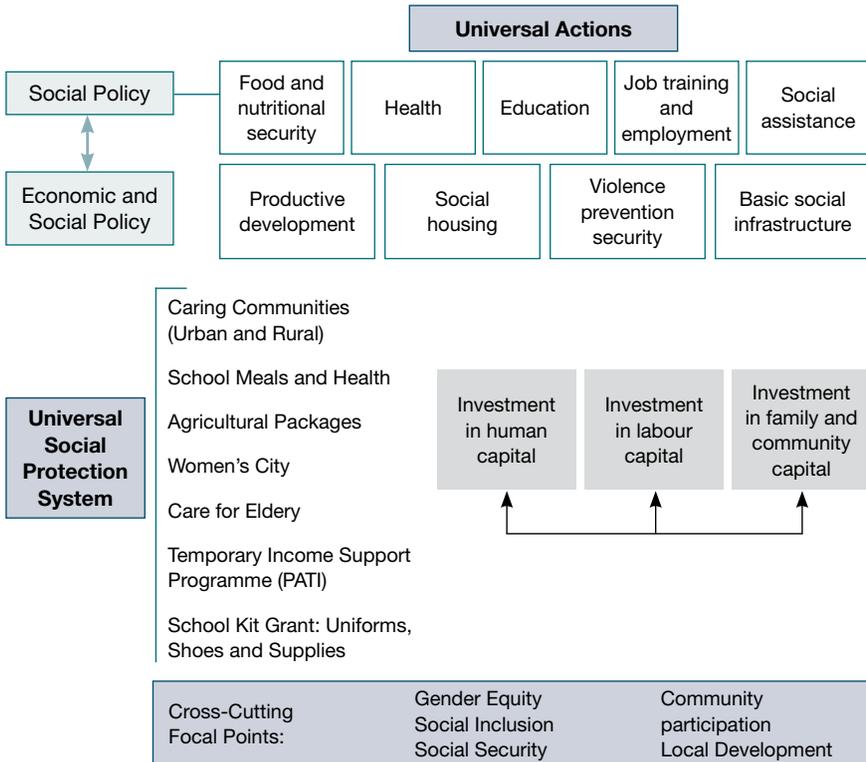
- Investment in social protection is a reliable way to reduce inequality, as shown by its positive impact on the Gini index in El Salvador.
- Linking social programmes to productive development, such as by including micro-enterprises as suppliers in social protection programmes, generates positive effects on local economies.
- The experience of El Salvador's SPSU shows that social dialogue is essential to implement political agreements aimed at increasing and maintaining social expenditures.

- The rights-based approach adopted by El Salvador is an essential element to support universal policies for social protection.
- Mainstreaming social protection strategies, programmes and processes by developing a legal framework supports and ensures their continuity, as demonstrated by the enactment of the Development and Social Protection Act.

9.1 What does the system look like?

Social protection in El Salvador is structured through the SPSU, which is guided by rights-based principles and a strategy based on a life-cycle approach that focuses on gender equality. The SPSU includes non-contributory universal interventions, which ensures a social protection floor for the whole population, and is complemented by contributory components (figure 11).

Figure 11. Universal Social Protection System (SPSU): non-contributory components



Source: STP, 2013.

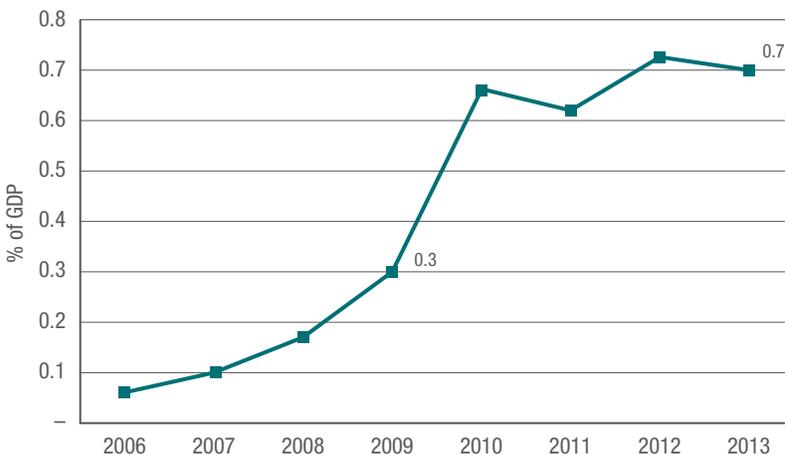
The Technical Secretariat of the Presidency is responsible for coordinating SPSU and a number of institutions and ministries take part in its implementation.

Benefits. Although the SPSU follows a universalist approach, its non-contributory components are mainly targeted at persons who are socially vulnerable. The caring communities programme (urban and rural) is considered to be the main programme and involves interventions for specific age groups, while the school kits programme targets children, the temporary income support programme targets working-age individuals and the senior rights programme targets the elderly. The non-contributory component also includes universal health care provided through the Ministry of Health. In addition, social security provides contributory coverage to 25 per cent of the population.

Contributory programmes are organized through social insurance and a private pension scheme. Contributory coverage encompasses medical care, sickness and maternity, and compensation benefits for accidents at work and occupational diseases. Since 1998, disability, old age and survivors' benefits have been administered by the pension savings system, which is based on individual accounts and handled by private pension fund administrators.

Financing. Since the introduction of the SPSU, El Salvador has made an unprecedented number of social investments. It is estimated that in 2013, expenditures on non-contributory transfers reached an amount equivalent to 0.7 per cent of GDP (figure 12).

Figure 12. Social transfer expenditure as a percentage of GDP, 2006-2013



Source: Quiñonez (2014).

Between 2011 and 2013, the Government financed approximately 65 per cent of expenditures. The remaining amount was financed with non-reimbursable funds from the European Union, the Luxembourg Development Cooperation, the Spanish Agency for International Development Cooperation and the United States Agency for International Development, as well as with loans from the Inter-American Development Bank and the World Bank.

Legal aspects. The enactment of the Development and Social Protection Act in April 2014 provides legal support for the mainstreaming and consolidation of the SPSU, and also establishes conditions for the continuity of its principal interventions.

Benefits delivery. The coordination of the SPSU is centralized and its management is decentralized. The Social Investment Fund for Local Development, the Social Inclusion Secretariat and several ministries, including the Ministries of Agriculture and Livestock, Education, and Labour and Social Security, implement the system. The SPSU has three principal management tools: the single registry of participants, the social programmes information system and the social policy monitoring and evaluation system.

9.2 How was this significant progress achieved?

Although the Government has been strongly committed to the expansion of social protection, the process of creating a new social protection system has not been easy. It is only recently that the Government has adopted an active social policy oriented towards developing universal social protection and establishing appropriate priorities. The principal interventions that have contributed to the process are: the creation of the SPSU (2009); the five-year national development plan (2010-2014), which includes and prioritizes social protection; the global anti-crisis plan (2009); the reform of the health sector initiated in 2010 with the purpose of enhancing stewardship, health services, health-care staff and public participation; and the adoption of the Development and Social Protection Act in 2014.

9.3 What are the main results in terms of impact on people's lives?

Outcomes. According to the Technical Secretariat of the Presidency, more than 2 million people have benefited from the SPSU since 2009, equivalent

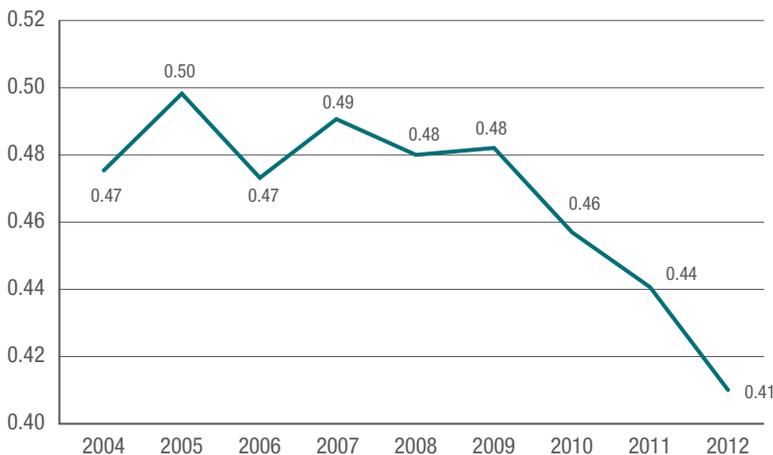
to 30 per cent of the population, while in 2013 the SPSU invested more than US\$183 million in non-contributory benefits; the school meals and health programme benefited more than 1.4 million children; the temporary income support programme benefited close to 17,000 people; and the universal basic pensions programme covered close to 29,000 elderly persons. Out of a total of 262 municipalities nationwide, the caring communities programme benefited 125 of them, 100 of which were rural communities.

Impact on people's lives. Since 2009, El Salvador has attached great significance to using social policy as a way to distribute and redistribute wealth, with impacts on poverty, inclusion and equity. The country has witnessed the progressive decline of poverty and income inequality. Poverty rates fell from 39.9 per cent in 2008 to 34.5 per cent in 2012, while the Gini index of inequality fell from 0.48 to 0.41 during the same period (figure 13).

Impact on other sectors of the economy. In El Salvador, social programmes generate productive chains and have an impact on other sectors of the economy, with an emphasis on strengthening local economies.

Some social programmes have placed a priority on the mobilization of local micro-enterprises as providers of school supplies, uniforms and food products. It is estimated that since 2009, the school kits programme has generated more than

Figure 13. Gini index of inequality, 2004-12



Source: Multi-Purpose Household Survey, several years. MINEC/DIGESTYC.

47,000 jobs and hired close to 4,300 suppliers, many of them from local communities. Through its “glass of milk” programme, the school meals and health programme has contracted approximately 2,200 cattle farmers as suppliers and it is expected that those numbers will increase to 4,000 over the next few years.

9.4 What are the next steps?

Recent developments in the social protection system show unprecedented outcomes; however, the following challenges remain to be addressed:

- Achieving greater linkages between the SPSU and social policy in general, as well as improving coordination between institutions in the social sector;
- Expanding fiscal space, in particular reducing external funding of programmes in order to make the system sustainable;
- Extending non-contributory programmes to additional highly vulnerable regions;
- Extending social security coverage to groups that are not covered, with the informal economy as a priority;
- Consolidating the health reform process under the leadership of the Ministry of Health;
- Strengthening and mainstreaming social dialogue instruments.

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PART

II

Security
during childhood
and working age

Universal social protection for children

Pablo Casalí, Luis Casanova and Alejandra Beccaria

Summary

Since the mid-twentieth century, contributory family allowances have been the main mechanism for providing economic security to children and adolescents in Argentina.

In 2009, the universal child allowance (UCA) was introduced in response to the effects of the global economic crisis, with the aim of consolidating several non-contributory transfer programmes for families with children. This non-contributory cash transfer programme expanded coverage to children under 18 (and disabled children of any age), unemployed workers, informal workers, domestic workers, temporary workers and social *monotributistas*.

The provision of income insurance for families with children and adolescents is made up of three components: contributory family allowances (CFA), non-contributory family allowances and tax deductions from income (tax on earnings) for higher-income workers with children. Together, these three components reach 84.6 per cent of children and adolescents in Argentina. In absolute terms, some 10.6 million children and adolescents are covered by an income transfer mechanism.

Main lessons

- The integration of the contributory and non-contributory components is a strategy to guarantee the consolidation of a comprehensive social security system and to ensure the universal protection of children and adolescents, in accordance with the provisions of the ILO Social Protection Floors Recommendation, 2012 (No. 202), and the Convention on the Rights of the Child.

- The introduction of the UCA has enabled the development of a system to support the income of families with children, according to the employment status and earned income of the adults responsible for the children and adolescents. The system has three components: contributory component, non-contributory component and tax deductions for higher income workers.
- Studies have shown that the policy to extend social protection through the UCA has had a major impact on reducing extreme poverty and inequality and on increasing school attendance of adolescents aged 16 and 17.

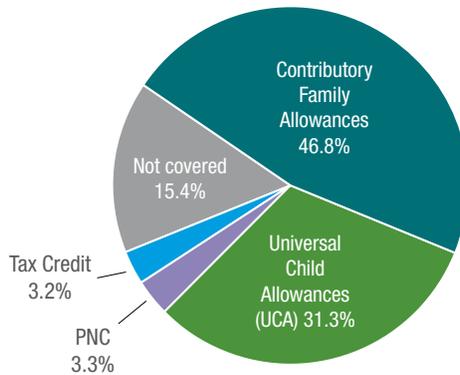
10.1 Background

Since the late 1990s, several initiatives have been introduced to provide income security for households with children. During the 2000s, social assistance programmes used the presence of children in the household as a reference; programmes for the social protection of children were also implemented at the subnational level. The UCA was introduced in Argentina as a result of years of intense discussion on proposals designed to universalize the protection of children and adolescents. One of the most noteworthy proposals was the extension of family allowances.

The almost universal coverage achieved is due to several factors, most notably the implementation of the UCA, the increase in formal employment that expanded contributory coverage levels and the incorporation of *monotributistas* into the CFA component in April 2016. *Monotributistas* are mainly low-income, self-employed workers participating in the simplified regime for small-scale contributors, known as the *Monotributo*. This is a simplified, integrated tax system that rolls income, value-added and social security taxes into a single monthly payment.

Also of note is the extension of non-contributory pensions to mothers of seven or more children, which provides income security to large families (between 2003 and 2016, the number of main beneficiaries increased by 444 per cent).

In legal terms, the UCA was created by Decree 1.602/09 of the National Executive Branch, which modified the Law of Family Allowances (No. 24.714) and established the incorporation of a non-contributory subsystem within the general family allowance regime; in other words, both types of benefits are now regulated by this Law.

Figure 14. Coverage of children in Argentina, 2016

Source: Based on data from the National Institute of Statistics and Censuses (population census), the *Statistical Bulletin of Social Security* and a nationwide survey of social protection and social security.

10.2 Structure and main characteristics

The provision of income security for children and adolescents in Argentina has three components:

- **The CFA**, composed of the family child allowance, which covers the dependants of formal middle- and low-income employees, beneficiaries of certain social security guarantees (unemployment and work injury) and, since April 2016, dependants of workers of the *Monotributo* regime.
- **Non-contributory family allowances**, composed of the UCA, which is a semi-conditional cash transfer for each child and disabled child of unemployed workers, those in the informal economy, social *monotributistas*, temporary workers and domestic workers.

The cash transfer is semi-conditional: 80 per cent is granted through the usual system of social security payments, while the remaining 20 per cent is paid once the main beneficiary confirms health check-ups, immunization records and certification of completion of the school year by their children and/or adolescents, whichever is the case.

The UCA is a component of the non-contributory pillar, along with family allowances for dependants of old-age pension beneficiaries and of certain non-contributory pension beneficiaries (disability beneficiaries and veterans of the Falklands War).

- **Deduction or tax credit for each child**, for higher-income workers who pay income tax. The tax credit is the component available to higher-income workers who pay individual income tax.

Low-income beneficiaries of the CFA and the UCA receive the same amount: 1,103 Argentina pesos (ARS) per month. In 2015, the automatic indexation of benefits (twice annually) based on the pension mobility index was established by law.

The National Social Security Administration (Administración Nacional de la Seguridad Social or ANSES) is responsible for managing both contributory and non-contributory family allowances. In other words, the ANSES receives, processes and evaluates programme applications and pays both benefits.

The integration of the contributory and non-contributory components (CFA and UCA) pave the way for the consolidation of a “comprehensive social security system”, as established in the ILO Recommendation No. 202.

Nearly six years after the UCA was implemented, evidence indicates that these high-coverage social protection programmes do not negatively impact the labour market. This positive result is largely due to the coordination among programmes that guarantee income and promote active labour market policies.

Several factors explain the fact that approximately 15 per cent of children and adolescents are not covered under any scheme. This group mainly includes children and adolescents whose parents are: (a) employees with higher earnings – or slightly lower earnings – than the established ceilings; (b) higher income *monotributistas*; (c) independent workers; or (d) immigrants who have resided in the country for less than three years. The situation of children and adolescents not under family care should also be mentioned given that they are not included in any of the current protection components.

Moreover, some children and adolescents are eligible for one of the established schemes but do not receive benefits for various reasons, such as problems related to family relations, problems associated with their or their parents’ identification documents or non-compliance with some access requirements.

10.3 Financing

The contributory component is financed through employers’ contributions to social security, while social security resources cover the cost of the UCA. As a

result of expanded coverage, the resources allocated to cash transfers for children and adolescents have been sharply increased. In 2014, the amount allocated to the protection of this segment of the population was 1.04 per cent of GDP, where the principal components were the UCA (0.50 per cent), the CFA (0.46 per cent) and the family allowances for people receiving an old age pension (0.08 per cent).

10.4 Impacts of UCA

Policies to extend social protection have had considerable impacts on reducing extreme poverty and inequality. Studies by Bertranou (2010) and Maurizio and Vázquez (2014) show that UCA reduced poverty rates, especially extreme poverty. There is also empirical evidence from studies by Hintze and Costa (2014) and Curcio and Beccaria (2013) that suggest that UCA contributes to improved income distribution, as measured by the Gini coefficient and income gaps.

Some studies also found that the UCA had a positive impact on school attendance for adolescents between the ages of 16 and 17 (the group with the highest dropout rates), as well as on reducing child labour (Jiménez and Jiménez, 2015). Nevertheless, given the lack of available standardized data, more evidence is needed on the impact of this programme on school attendance, in particular secondary school attendance.

The implementation of this policy also led to a 50 per cent increase in the number of children and a 14 per cent increase in the number of pregnant women enrolled in the SUMAR programme, which provides guaranteed health benefits.

10.5 Challenges

The main challenges for policies to guarantee income security for children and adolescents are:

- Despite efforts to increase UCA coverage, it remains a challenge to incorporate a large number of eligible children and adolescents who, for different reasons, face barriers to accessing benefits;
- The role of established conditions needs to be redefined to emphasize the universal right of children and adolescents to health and education;

- The sufficiency of UCA benefits should be assessed so that children and adolescents can move out of poverty;
- A micro-assessment of the UCA should be conducted to identify bottlenecks and propose reforms that help facilitate implementation and compliance with established conditions.

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Evolution of the Child Money Programme

**Celine Peyron-Bista, Lkhagvademberel Amgalan
and Enkhnasan Nasan-Ulzii**

Summary

Mongolia's universal Child Money Programme (CMP) is one of the country's flagship programmes and is an essential part of its social protection system, which is among the most progressive and comprehensive in Asia. In May 2015, the Government of Mongolia, together with United Nations (UN) agencies, agreed on recommendations to complete the social protection floor, thereby addressing remaining social protection deficits.

Among the recommendations concerning the social protection floor, stakeholders emphasized the importance of maintaining the universality of the CMP. Reinforcing its legal framework and the adequacy of its benefits is seen as the most effective response to tackle poverty, in particular rural poverty.

Main lessons

- The CMP has to be embedded in a legislative framework to safeguard its sustainability, coverage and adequacy.
- The programme should introduce an automatic indexation on the cost of living to guarantee its efficiency in terms of poverty reduction impact.
- Mongolia, as a middle-income country, needs to maintain the universality of its social protection, while at the same time promoting decent employment and increased participation in its social insurance system in order to fully activate the redistribution function of the social protection system to go beyond poverty reduction alone.

Figure 15. Definition of Mongolia's social protection floor, formulated by the national dialogue in 2013-14



Source: UN and Government of Mongolia, 2015.

11.1 What does Mongolia's Child Money Programme look like?

Programme characteristics and reach

The CMP, which went through different phases of development (see below) offers an allowance of 20,000 Mongolian tugriks (MNT) (about US\$10 in June 2016) per month to all children up to 17 years old, including children in correctional facilities and those living abroad. However, children of migrant workers are not covered by the programme, a gap that was brought to the attention of the Government (ILO, 2016a).

The CMP is financed through the human development fund (HDF), which is accumulated from mineral resource taxes. The CMP is perceived as a mechanism for redistributing wealth from the mining sector across the population in an equitable and efficient manner.

Two parameters of the programme can explain its success. First, the programme is focused on children and its main beneficiaries are children, who are automatically eligible at the time of civil registration with the State Registration General Office (no additional procedure is required). Second, the programme has an effective payment mechanism and the monthly benefit is paid directly by automatic bank transfer to eligible families. As a result, by the end of 2015, almost 1.03 million, or nearly 100 per cent of children up to 17 years old, received this benefit (Mongolia, 2015).

Place of the CMP in the overall social protection system of Mongolia

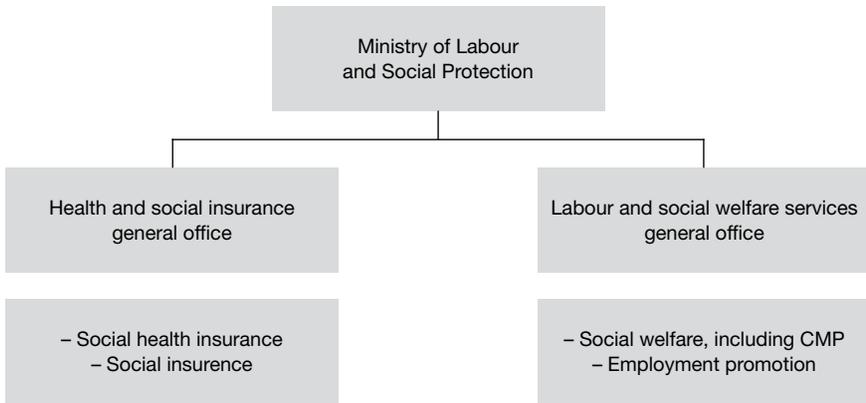
The CMP is part of a comprehensive social protection system, reflecting the strong attachment of Mongolia's society to solidarity and social justice. This system has five main components: (a) a universal social health insurance scheme that is partially or fully subsidized by the State for certain groups of the population; (b) compulsory and voluntary social insurance schemes securing compensation and benefits for maternity, sickness, unemployment (compulsory scheme only), employment injury, old age, disability and survivorship; (c) social assistance/welfare programmes financed from general tax revenues; (d) the CMP and other rights-based social protection allowances financed from mineral revenues through the HDF; and (e) active labour market policies, employment programmes and local development programmes (financed from the State budget).¹

¹ Mongolia provides an interesting example of a universal maternity benefit, as it offers universal maternity protection coverage through a combination of different mechanisms. Formal

Note 1 continued on page 92

As of the end of 2013, coverage under the mandatory social health insurance scheme was nearly universal, extending to more than 90 per cent of the population. In the same year, 71.6 per cent of the economically active population were insured under the social insurance system, either under the compulsory or the voluntary scheme. However, those contributing to the voluntary scheme represented, in 2013, only 23.3 per cent of those who were eligible to participate, i.e. herders, self-employed persons, informal economy workers and the unemployed. The total coverage expanded to 85 per cent in 2015, a rise mainly attributable to increased registration among self-employed persons and herders under the voluntary scheme.

Figure 16. Overall structure of the social protection system in Mongolia



Source: Mongolia, Ministry of Labour and Social Protection, 2016.

In addition, the tax-funded social welfare system plays an important role in providing public support to members of vulnerable groups, such as older people

Note 1 continued from page 91

employees are covered by social insurance on a mandatory basis and receive a replacement rate of 100 per cent of their covered wages for four months. Herders, self-employed persons and workers in the informal economy can join the scheme on a voluntary basis and receive maternity cash benefits for four months at a replacement rate of 70 per cent of their selected reference wage after 12 months of contributions. In addition, maternity cash benefits under the social welfare scheme are provided to all pregnant women and mothers of infants, regardless of their contribution to the social insurance scheme, status in employment or nationality. The benefit, equivalent to approximately \$20 per month in 2015, is paid from the fifth month of pregnancy for 12 months. Maternity care is provided through the universal (tax funded) health-care system (ILO, 2016a).

and people with disabilities, orphans, infants, women during maternity or single mothers with many children who are unable to live independently. Expenditures on 71 programmes mandated by law and targeting specific groups of the population accounted for 1.1 per cent of the gross domestic product (GDP) in 2014.² Social welfare expenditures more than doubled, increasing from MNT99.3 billion to MNT256.8 billion between 2010 and 2015, which resulted in 49.4 per cent of the population receiving some social welfare benefits, including the CMP allowance, and had a positive impact on poverty levels (Onishi and Chuluun, 2015). During the period 2010 to 2014, the national poverty headcount index decreased from 38.7 per cent to 21.6 per cent, and in rural areas from 49.0 per cent to 26.4 per cent (Mongolia, 2014).

Without the CMP, only 19 per cent of the population would receive social welfare benefits (Onishi and Chuluun, 2015). The CMP is therefore one of the flagship programmes of the Government, together with the universal maternity allowance paid over 12 months to all pregnant women, irrespectively of their activity and employment status.

As noted above, an important financing source of non-contributory social protection schemes is the HDF, established in accordance with the Law on the Human Development Fund approved by the Parliament in November 2009. The HDF builds on revenues from the mineral and mining sectors and aims to redistribute wealth equally among all citizens of Mongolia. The CMP is one of the main programmes funded by the HDF.

In 2014, aggregate expenditures for social welfare, state subsidies to the social insurance pension fund and social protection expenditures of the HDF amounted to 3.4 per cent of GDP.

11.2 Evolution of the CMP since 2005

Rising copper prices and swelling tax revenues resulted in a budget surplus in 2005, offering an enabling environment for strengthening social protection. In January 2005, the CMP was introduced as Mongolia's first programme targeting the poor. Households with three or more children that were identified as poor using a proxy means test were entitled to an allowance if children had mandatory

² Source: Ministry of Finance, 1 June 2016; programmes implemented by the Social Welfare Services General Office under the Law on Social Welfare, 2012; the Law on Social Security for People with Disabilities, 2005; the Law on Social Security of Senior Citizens, 2005; and the Law on Supplementary Allowance for Honored Senior Citizens, 2008.

immunizations, lived with their parents and were not engaged in the worst forms of child labour. In addition, for households with children aged 8 to 17, the transfer was also subject to school enrolment. By June 2005, the CMP had reached all its targeted population, or 61 per cent of all children up to 17 years old.

In July 2006, as copper and gold prices and tax revenues continued to rise, the Government transformed the CMP into a quasi-universal programme by discontinuing the use of the targeting mechanisms but retaining a soft form of the conditionality of school enrolment. The benefit remained the same until the introduction of a quarterly cash transfer of MNT25,000 for all children in January 2007.

Table 1. Summary of Mongolia's CMP

Time	Level of benefit	No. of children covered	Targeting and conditionality
1 Jan 2005 – 1 June 2005	MNT3,000 per month	350,000	<ul style="list-style-type: none"> • Households living in poverty identified using means testing • Households with 3 or more children • Vaccination • Not engaged in worst forms of child labour • Enrolled in school • Living with parents
1 June 2005 – 1 July 2006	MNT3,000 per month	650,000	<ul style="list-style-type: none"> • Households living in poverty identified using means testing • Vaccination • Not engaged in worst forms of child labour • Enrolled in school • Living with parents
1 July 2006 – 1 Jan 2010	MNT3,000 per month	932,000	<ul style="list-style-type: none"> • Universal coverage conditioned to school enrolment • Living with parents
1 July 2007 – 1 Jan 2010	MNT25,000 per quarter	932,000	
Since 1 Oct 2012	MNT20,000 per month	967,900	<ul style="list-style-type: none"> • Universal coverage without any conditionality

Source: Mongolia, Ministry of Population Development and Social Protection, 2015.

In 2007, the United Nations Children's Fund (UNICEF) conducted an assessment of the impact of the CMP on poverty reduction, which showed that the efficiency of income targeting was poor due to flaws in proxy means testing and implementation issues. The analysis concluded that the universal programme had a slightly larger impact on poverty reduction than a targeted programme due mainly to exclusion errors associated with proxy means testing.

In January 2010, the Government discontinued the CMP and replaced it by an annual cash transfer of MNT120,000 to all citizens.

In September 2012, the newly elected Government issued a resolution to reintroduce the CMP, providing a cash transfer of MNT20,000 per month to all children under 18 years, financed from the HDF. This resolution continues to guide the CMP process, keeping the CMP unconditional and universal, with a simplified procedure for implementation. Citizens may apply at any commercial bank and open an account to receive their children's money; the banks do not charge any service fees as part of their corporate social responsibility.

11.3 What are the main impacts of the CMP?

While no comprehensive impact evaluation of the CMP has yet taken place, several research findings confirm the progressive nature of the programme. Not only is the benefit incidence nearly twice as high in the poorest quintile compared to the richest quintile (Gassmann et al., 2015), the allocation of the transfer is pro-poor, with 34 per cent received by the poorest group (Onishi and Chuluun, 2015). Based on an analysis of the 2014 household socio-economic survey, the CMP significantly reduced monetary poverty. Estimations indicate that the CMP contributed to a 12 per cent reduction in the incidence of poverty and reduced the poverty gap by 21 per cent. If only children are considered, the level of poverty reduction achieved is slightly higher. The CMP appears to have been especially effective in reducing poverty in the countryside and in the western part and the highlands of Mongolia (Tserennadmid, forthcoming).

11.4 What's next?

The general elections held in June 2016 provided a critical opportunity to ensure that social protection would remain a priority for the new Government despite the current serious economic downturn. In August, the newly elected

Government announced a number of measures to reduce public expenditure, including the reintroduction of the income targeting of the CMP, using an existing household database, created through proxy means testing of households for a smaller food stamp programme, which reduced coverage to 60 per cent of children.³ The fiscal situation appears to leave little leeway for further belt-tightening measures, at least in the short term.

The debate is therefore expected to continue in Mongolia on how to find sustainable solutions for financing popular social protection measures, such as the CMP, and what forms of targeting could best sustain basic universal social protection. Advocacy for maintaining the universality of the CMP, as well as the social protection system in general, would require strong national evidence of programme impact and efficiency. The debate would also need to be informed by empirical evidence from other countries, including on sustainable ways of financing programmes. In this light, the possible ratification of the Social Security (Minimum Standards) Convention, 1952 (No. 102), would provide useful guarantees for sustaining Mongolia's social protection system, including the CMP.

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Maternity protection for all

Analía Calero

Summary

Argentina's Constitution provides for the protection of pregnant and lactating female workers. Argentina's maternity protection policy is in coherence with the Social Protection Floors Recommendation, 2012 (No. 202).

In Argentina, social protection in the case of maternity includes maternity protection in the workplace, contributory and non-contributory family allowances and pensions for mothers with seven or more children. In addition, several programmes provide universal access to basic social services. For example, the SUMAR programme offers basic health services, including antenatal and postnatal consultations and delivery. The national legal framework also provides paid and unpaid maternity leave and paid paternity leave for registered workers.

Main lessons

- Maternity protection in Argentina encompasses both transfers in cash and transfers in kind, which makes it consistent with Recommendation No. 202. Maternity protection includes income security measures in the form of several social transfer programmes, universal access to basic social services and provisions for maternity leave. Universal maternity protection in Argentina has had impressive results; child and maternal mortality have decreased by 34 per cent and 24 per cent, respectively.
- The contributory and non-contributory programmes are administered by the National Social Security Administration (Administración Nacional de la Seguridad Social or ANSES), while complementary health programmes are operated or regulated by the Ministry of Health. Therefore, good coor-

dination among institutions is required to guarantee comprehensive maternity protection.

- The establishment of an adapted legal framework ensures the sustainability of social protection programmes.

12.1 Towards universal maternity protection

Maternity protection in Argentina encompasses both transfers in cash and transfers in kind, including income security measures in the form of social transfer programmes, universal access to basic social services and provisions for maternity leave. In this way, Argentina's maternity protection policy is consistent with Recommendation No.202.

12.2 How is the system organized?

Contributory programmes include maternity protection in the workplace and family allowances. To extend maternity protection to uncovered groups, two non-contributory allowances were established in 2009 and 2011, respectively: the universal child allowance (UCA) and the pregnancy allowance (PA).

The contributory and non-contributory programmes are administered by ANSES. Out of a total of 13 million children and teenagers under 18, the UCA and PA cover 7 million persons, a coverage rate of 53.8 per cent. In addition, income tax reductions are applied to families with children. The combination of the two programmes and income tax deductions brings the coverage to 74.3 per cent of all children below the age of 18 years. At the same time, the National Commission for Social Pensions of the Ministry of Social Development administers a pension for mothers with seven or more children.

As far as universal access to basic social services is concerned, female workers in the formal economy can access social health services provided by trade unions. They can also access prepaid health-care services in private clinics and sanatoriums. The SUMAR programme plays an important role in providing access to basic health care for vulnerable families with the objective of reducing child and maternal mortality, strengthening access to health care for school-age children and teenagers and improving the overall care provided to women through regular health check-ups.

Table 2. Social transfer programmes in Argentina

Programme	Provisions	Beneficiaries
Contributory programmes		
Maternity protection in the workplace	Monthly income replacement equivalent to 100 per cent of the worker's salary	Employees covered by the Law on Work-related Risks and Unemployment Protection
Family allowances	Prenatal: between 199 and 2,084 Argentinian pesos (ARS) (US\$13-141) per month Per birth: ARS1,125 (US\$76) Per adoption: ARS6,748 (US\$456) Per child: between ARS199 and 2,084 (US\$13-141) per month School allowance: between ARS808 and 1615 (US\$55-109) per year	Same as above, plus beneficiaries of the pension system and non-contributory pension, up to a maximum monthly family income of ARS60,000 (US\$4,054), which is set by law
Non-contributory programmes		
Universal child allowance	ARS966 (US\$65) per month per child, with conditions on health and education	Beneficiaries of monotax, unemployed persons, workers in the informal economy with income below minimum wage and domestic workers
Pregnancy allowance	ARS966 (US\$65) per month from the 12th week of pregnancy through childbirth or interruption of pregnancy	
Pensions for mothers with seven or more children	Lifetime monthly amount equivalent to the minimum old-age pension of ARS4,958.90 (US\$335)	Mothers with seven or more children (own or adopted)

Source: Argentina, Decree 1141/2015 on family allowances from March 2016 onwards; Argentina, 2015a.

Table 3. Health services in Argentina

Sub-system	Institutions	Coverage
Public system	Public provincial and district hospitals, as well as primary health centres	Provide health services to the entire population
	SUMAR programme Essential public health functions programme Remediar and Redes programmes	Provide health services to the vulnerable population
System of social services	National social services system	Covers health risks for salaried workers and their families
Private subsystem	Enterprises providing prepaid health packages in sanatoriums and private clinics	Provide coverage to those who pay a premium

Source: ILO, Social Protection Platform (www.social-protection.org).

The SUMAR programme was created in 2012 in the context of the extension of coverage of the Plan Nacer (2005). The SUMAR programme facilitated access to health care for pregnant women and children up to 6, and was then extended to children and teenagers between 6 and 19 and subsequently to men and women from 20 to 64 who have no contributory social health protection. In 2015, the SUMAR programme covered 13 million people. According to the 2010 national census, the population without any social health protection numbered 14 million. Therefore, the SUMAR programme has contributed significantly to closing the social health protection gap in Argentina.

The programme is run by the National Health Ministry and financed from the public budget; it is linked with the UCA and PA.

In addition, the national legal framework includes paid and unpaid maternity leave for female workers in registered or formal employment. Although there are some differences between the maternity leave policies in the public and private sectors, in both cases the benefits are set at 100 per cent of a worker's salary during the entire maternity leave period. The benefits are financed by social security.

Table 4. Maternity leave in the registered or formal sector in Argentina

Selected measures	Legal protection	Maternity leave	Lactating period
Private sector	Dismissals are prohibited during pregnancy, maternity leave and 7.5 months before and after the delivery date	90 days	2 periods of 30 minutes each workday until the child reaches 12 months
Public sector	Same rights as permanent staff members (Law on Labour Contract does not apply during the maternity period)	100 days for the 1st and 2nd child; 110 days for each additional child	2 periods of 1 hour each workday until the child reaches 12 months; Option to reach or leave the office 2 hours early or late each workday

Source: Argentina, Law No. 20.744 on the Work Contract and Law No. 25.164 on the Regulation of National Public Employment.

At the end of their maternity leave, mothers can take an unpaid leave known as an “*excedencia*” to take care of their child during the first year of life, which applies only to female workers in registered paid employment.

Men are entitled to paternity leave of two and five days and are not entitled to unpaid leave.

12.3 What are the main impacts on people's lives?

Over the last 10 years, maternity protection coverage has increased and been reinforced by linkages and synergies between the various programmes. Due to major affiliation efforts of the SUMAR programme, 230,000 children have registered for the UCA, while in 2014, 47,000 women automatically received the PA.

The existing UCA and PA, combined with income tax deductions for families with children, currently benefit 74.3 per cent of all children under 18. The SUMAR programme has also had a significant impact on Argentina's population by facilitating access to health care for 13 million people. These interventions have contributed to improving the quality of life of the most vulnerable families in Argentina and their implementation signifies substantial progress in the fight against poverty.

The linkages that exist between the UCA and the PA contributed to an increase in the enrolment of children and pregnant women in the SUMAR programme by 50 and 14 per cent respectively, in 2014. Due to the extension of maternity protection in the past decade, child and maternal mortality have been reduced by 34 and 24 per cent, respectively. The SUMAR programme has been recognized by the Geneva Health Forum and highlighted as a model and source of inspiration for other countries (Argentina, 2015b).

12.4 What are the main challenges?

One of the main challenges is to include the right to care as one of the components of the social protection system (ILO, 2014). Recommendations to ensure that the right to care becomes a reality include:

- ratify the ILO Maternity Protection Convention, 2000 (No. 183), in order to extend the duration of maternity leave from 12 to 14 weeks;
- create the necessary legal framework to ensure that enterprises which exceed the threshold number of female workers establish maternity rooms and childcare centres, in line with the ILO Workers with Family Responsibilities Convention, 1981 (No. 156), which was ratified by Argentina in 1988;
- promote fathers' co-responsibility in childcare by extending paternity leave to uncovered groups and increasing the duration of paternity leave;

- improve compliance with the Labour Law through prevention and inspection measures;
- extend maternity leave to female workers in the informal economy.

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Towards employment injury insurance

Stefan Urban

Summary

Tragic industrial accidents in Bangladesh in recent years, such as the Rana Plaza collapse in April 2013, resulting in 1,134 deaths and about 2,500 injuries, brought international attention and highlighted the need to improve health and safety standards and to put a reliable system in place that compensates and supports victims and their dependants in cases of work accident.

Since the Rana Plaza accident, the Government of Bangladesh, employers, trade unions and non-governmental organizations (NGOs) formed the Rana Plaza Coordination Committee (RPCC), which with the ILO acting as a neutral chair and providing technical assistance, developed a compensation scheme for the victims, their families and dependants.

Main lessons

- The tragic events in Bangladesh shed light on the shortcomings of the existing compensation system in cases of workplace accidents and put enormous pressure on national and international stakeholders to develop a compensation scheme for the victims, their families and dependants.
- These events also raised awareness on the need to establish an employment injury insurance (EII) scheme in Bangladesh to better protect workers and their dependants by providing periodical benefits in cash and in kind in cases of work-related accidents and occupational disease.
- Both employers and the broader buyers' community progressively understood that contrary to employers' liability programmes, an EII scheme, through collective risk pooling, not only protects workers and their

endants, but also insures employers against the financial consequences of catastrophic accidents, while reducing the risks for brands and buyers, which are no longer held responsible for compensating injured workers in factories.

13.1 How was the Rana Plaza compensation scheme developed?

The Rana Plaza catastrophe in Bangladesh was a wake-up call for the industry. This accident, which took the lives of more than 1,134 workers and injured about 2,500 others, made people realize that many workers today lack still adequate protection against workplace injuries.

In an initial effort after the accident, the Government of Bangladesh, employers, trade unions and NGOs came together to form the RPCC.

With the ILO acting as a neutral chair, the RPCC's purpose was to develop a compensation scheme that would deliver support to victims, their families and their dependants in a predictable manner consistent with relevant international labour standards.

The Rana Plaza donors trust fund received contributions worth US\$30 million from companies and individuals who wished to support financial and medical delivery to the victims and their families (<http://www.ranaplaza-arrangement.org>).

The RPCC oversees the delivery of payments to victims and their families and safeguards the fund against fraud. Benefits are calculated in a consistent manner, taking into account the standards of the ILO and Bangladesh laws.

13.2 Weakness of the employers' liability programme in Bangladesh

The Bangladesh Labour Act stipulates employers' obligations to provide lump-sum compensation in cases of deaths or permanent disabilities resulting from work-related accidents.

However, this compensation scheme suffers from the following major shortcomings:

- (a) The compensation amounts allocated under the Labour Act are paid in a lump sum and cannot guarantee lifetime income security for the injured workers or their dependants;

- (b) The compensation amounts allocated under the Labour Act are small and do not meet the minimum standards of the ILO's Employment Injury Benefits Convention, 1964 (No. 121). In Bangladesh, the compensation amount payable in case of death is equal to a lump-sum payment of 100,000 Bangladeshi taka (BDT) and BDT125,000 in the case of permanent total disability. According to Convention No. 121, a widow aged 25 with two children (aged 3 and 5) should receive a periodical benefit equal to 50 per cent of the deceased worker's wage at the time of the accident. Calculating this at the minimum wage of BDT3,000 a month at the time of the accident, the total compensation would be at least BDT600,000;
- (c) Most of the employers went out of business after the Rana Plaza collapse. Due to their insolvency or bankruptcy, most employers did not have the financial means to pay the compensation amounts;
- (d) According to the Labour Act, only a limited number of injuries qualify a victim to receive permanent total or partial disability status. Many Rana Plaza victims did not fall into these categories of injuries. For example, the following types of injuries are not covered by the Labour Act: spinal cord injuries, paralysed limbs, kidney malfunction, head trauma, back pain, psychological impacts and damage.

13.3 Towards a comprehensive employment injury protection and rehabilitation scheme

In parallel to the Rana Plaza compensation scheme, the Government of Bangladesh, led by the Ministry of Labour and Employment, has recognized the importance of setting up a long-term, rights-based and sustainable protection mechanism that provides protection, as well as prevention and rehabilitation measures, in a systematic way.

Consequently, the Government signed a letter of intent with the ILO and the Government of Germany to explore the possibility of setting up of a national employment injury protection and rehabilitation (EIP&R) scheme in line with Convention No. 121.

Following the key principles highlighted in that Convention, the EIP&R aims to provide protection as follows:

- (a) long-term periodical payments instead of lump-sum payments;

- (b) compensation for the loss of income over the lifetime of injured workers and dependants of deceased workers;
- (c) medical and associated care provided over the lifetime of severely injured workers;
- (d) vocational rehabilitation programmes for reintegration of injured workers in their previous or alternative suitable occupation.

The proposed EIP&R scheme will have the following advantages over the existing employers' liability programme:

- (a) It will provide adequate protection to workers and their families against the financial consequences of employment injuries;
- (b) It will guarantee access to health-care services and physical and vocational rehabilitation for injured workers;
- (c) Thanks to its collective risk-pooling mechanism, it will protect employers against the financial consequences of catastrophic accidents;
- (d) It will not only guarantee the well-being of households but at the macro level this will have a positive impact on aggregate demand for goods and services and the development of domestic markets;
- (e) It will contribute to reducing the risks of social unrest and promoting the social peace and stability that are conducive to the development of business;
- (f) It will reduce financial and reputational risks for brands and buyers, which will no longer be held responsible for compensating injured workers in factories.

13.4 What remains to be done?

The Rana Plaza catastrophe was a wake-up call for the industry and created momentum to improve the safety and health conditions and compensation mechanisms for workers, not only in Bangladesh but also around the world.

Nonetheless, the establishment of an employment injury scheme is a complex task that needs joint efforts and dialogues among all relevant stakeholders.

Effectively communicating the scheme's principles and design to all stakeholders is essential throughout the process. Key principles, such as the importance of periodical payments of compensation, should be clearly explained.

In addition to building the financial basis and administrative management of the scheme, it is important, in parallel, to drive the establishment of health and rehabilitation facilities and to ensure good coverage in urban and rural areas. Return-to-work facilities and programmes that provide support for victims to re-enter the job market are essential tools for enhancing the effectiveness of the scheme.

Providing incentives for different industries to reduce accidents and improve health and safety standards at work should receive adequate attention.

The collection and management of statistical data, as well as the establishment of appropriate management information systems and clear operational procedures and guidelines, are essential for the good governance of the proposed scheme and for optimizing its operation.

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Integrated support for jobseekers through Pôle emploi

Emilie Blais, Vincent Donne, Jean Pierre Callais and Thibault van Langenhove

Summary

Pôle emploi, the French public employment service, is dedicated to support every jobseeker efficiently according to their personal needs. It has developed services aimed at those who need the most support in finding a job.

At Pôle emploi, jobseekers undergo a comprehensive assessment of their social situation and employability. On that basis, a joint action plan is developed to facilitate their sustainable return to work. This action plan takes into consideration the social challenges of jobseekers regarding mobility, personal finances, family structure, health care needs, housing, etc. It then provides integrated support for reintegration in the labour market and social inclusion, through strong coordination with various agencies.

The integrated support scheme has been implemented in 97 per cent of the districts in France and currently enrolls more than 50,000 of the most vulnerable jobseekers or 2 per cent of all jobseekers.

Main lessons

- Coordination among public employment services and social services and the co-location of all necessary services in one place (a one-stop shop) improves the quality of the support provided to vulnerable job seekers.
- The personalized action plan is a type of contract between Pôle emploi, district social services and the jobseeker, clarifying rights and responsibilities of all parties and creating a sense of responsibility in the jobseeker to find a new

occupation. This plan provides concrete measures for jobseekers to take to help them find a new job, as well as specific advice and linkages to appropriate social services.

- Pôle emploi advisers and social workers work in one-stop shops at the district level, which gives them a better understanding of the local labour market and the needs and opportunities for jobseekers.
- The integrated support scheme is still marginal as it only covers 2 per cent of the most vulnerable jobseekers; however, by integrating employment and social services, it has achieved impressive results in terms of the reintegration and social inclusion of vulnerable jobseekers.

14.1 The need to coordinate social care services with employment promotion

Pôle emploi was created in 2008 by merging two institutions: the national employment agency (Agence nationale pour l'emploi or ANPE) and the national unemployment benefits agency (Association pour l'emploi dans l'industrie et le commerce or ASSEDIC). It aims to provide a comprehensive response, including unemployment benefits and employment services, to vulnerable jobseekers such as single parents, homeless people, illiterate people and people in debt who would otherwise face difficulties in finding a new job. Pôle emploi has also developed partnerships with social services provided by district authorities to offer complementary support to jobseekers.

This collaboration started in 2008-09 by providing integrated services to beneficiaries of the non-contributory unemployment scheme known as the Revenu de solidarité active (RSA) and was progressively expanded to include more district public authorities. In April 2014, a national agreement was signed between Pôle emploi, the assembly of district public authorities and representatives of the General Directorate for Employment and Vocational Training (Direction générale à l'emploi et à la formation professionnelle or DGEFP), with the following objectives:

- (a) promote access or return to employment through a comprehensive approach intended to address social exclusion;
- (b) improve the support provided to jobseekers by mobilizing the expertise of both social workers and employment counsellors;

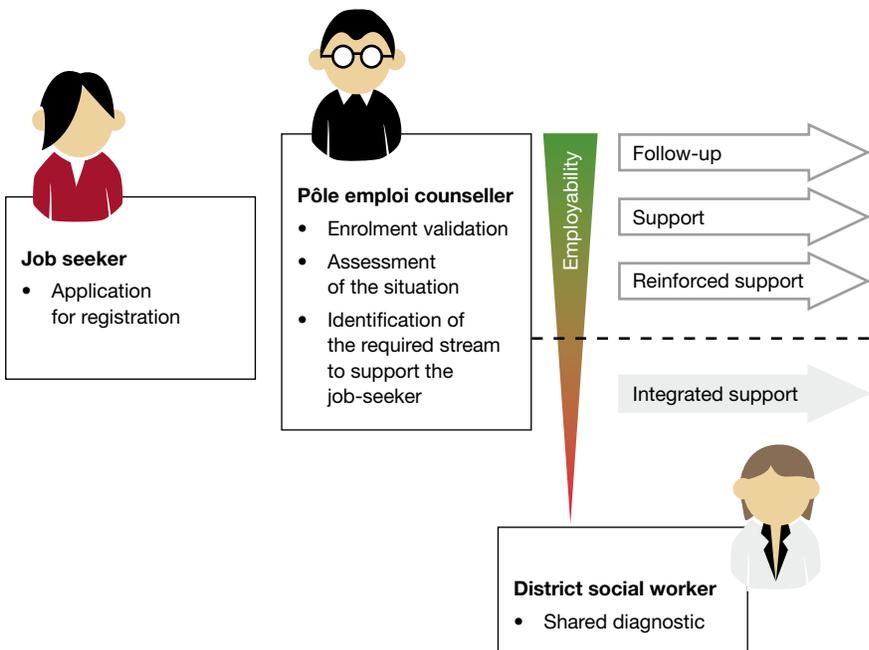
- (c) simplify the access of jobseekers to services by creating a single point of contact (one case manager coordinates support services from Pôle emploi and the district public authorities);
- (d) enable social workers from the district public authorities to better serve their users by mobilizing resources from Pôle emploi.

This integrated support scheme targets vulnerable jobseekers including RSA beneficiaries, and has been implemented in 97 per cent of the total districts in the country to date.

14.2 An integrated support scheme adjusted locally

The integrated support scheme includes 983 Pôle emploi counsellors, each of whom manages a portfolio of 70 to 100 jobseekers. These counsellors are in permanent contact with district social workers to make best use of existing social services and reduce social exclusion among vulnerable jobseekers.

Figure 17. Job seekers journey at Pôle emploi in France



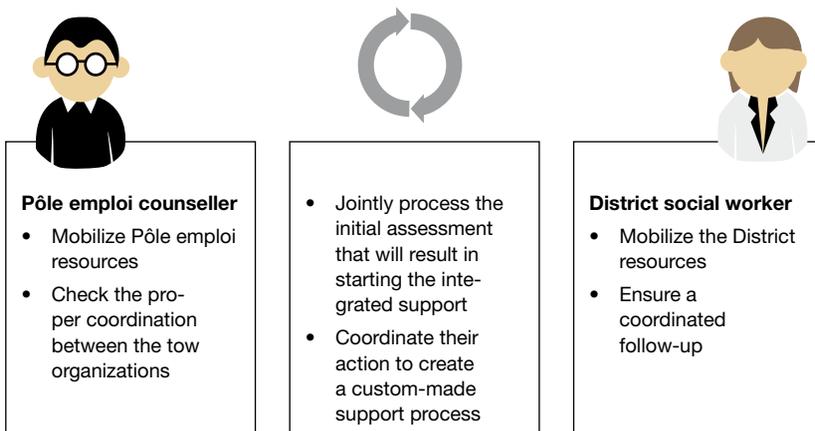
Three-year agreements are signed by the district authority and the local branch of Pôle emploi, which establish quantitative targets and describe operational processes and tools, such as the frequency of contact between Pôle emploi and the district, the budget dedicated to the scheme, human resources, etc.

Jobseekers enter the integrated support scheme for a 12-month period that can be extended once for a maximum of six months. A comprehensive assessment of the jobseeker's situation is carried out, including:

- (a) an in-depth analysis of the jobseeker's professional situation conducted by the Pôle emploi counsellor;
- (b) an in-depth analysis of the jobseeker's social situation conducted by the district social worker;
- (c) preparation of a personalized action plan establishing concrete measures to find a new job, as well as advice and linkages to appropriate social services such as health care, housing, education and mobility.

The personalized action plan or contract has to be accepted and signed by the jobseeker and can be terminated at any time by the jobseeker, Pôle emploi or the district social services. Pôle emploi's counsellor and the district social worker are jointly responsible for the implementation of the personalized action plan and for monitoring the jobseeker's compliance. They also measure the impact of the integrated support scheme on the jobseeker's situation.

Figure 18. Collaboration between Pôle emploi counsellor and district social worker in France



A survey carried out in 2016 revealed that more than two thirds of the jobseekers benefiting from the integrated support scheme face several social challenges related to limited finances, lack of self-confidence, a sense of isolation, mobility issues and health problems. The profiles of beneficiaries varies from single parents (28 per cent) to homeless persons (16 per cent). More than two thirds of jobseekers enrolled in the integrated support scheme are also beneficiaries of the RSA.

At the beginning of 2018, more than 50,000 jobseekers (2 per cent of all jobseekers in France) were enrolled in the integrated support scheme. Since its launch in 2015, 151,300 jobseekers have benefited from the scheme and 92,000 have exited the scheme, of whom 35 per cent found employment, 7 per cent moved to a training programme, 37 per cent graduated to another social support scheme and only 21 per cent terminated their contracts without any solution.

These results show that the integrated support scheme achieved better outcomes than previously existing support programmes. The satisfaction rate of jobseekers is remarkably high, at more than 80 per cent.

14.3 A more effective and efficient public service

The implementation of this integrated support scheme is in line with the Pôle emploi strategy to serve jobseekers in a way that is customized to their situation and needs. This strategy is embodied in the motto “doing more for those who need it the most”. This approach stems from the idea that social issues and reintegration in the labour market should be handled simultaneously.

Through the integrated support scheme, Pôle emploi has customized its services to better meet the needs and expectations of vulnerable jobseekers, both in terms of content and organization (e.g. frequency of meetings). Pôle emploi has matched the scope of its support with the needs of its clients, such as by providing more intensive support to those farthest from the labour market. Pôle emploi has also increased the scope and level of expertise of its employment counsellors by ensuring that they better understand the needs of jobseekers and propose solutions appropriate for the local job market.

The integrated support scheme and the improved coordination between social and employment services allows for more efficient use of resources. In the past, social workers would provide substantial assistance in alleviating social issues without compelling jobseekers to take specific actions to find a job. On the

other hand, employment service counsellors would not sufficiently consider the social barriers that prevent vulnerable jobseekers from returning to work.

14.4 Way forward

After a few years of implementation, the integrated support scheme has entered a new phase. Now that the cooperation framework between Pôle emploi and the districts is well established, the two service organizations are working together to create common tools that aim to strengthen operational cooperation and facilitate the integration of data. In addition to the implementation of digital solutions, a partnership resource database was created to inform counsellors about all the partners located in their area that could help to overcome social barriers to employment (NGOs, social services, etc.).

A major assessment is currently under way to monitor the impact of the integrated support scheme on the social inclusion of the most vulnerable populations.

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A social fund for construction workers

Kenichi Hirose

Summary

Since 1998, the Romania's Builders' Social Fund (Casa Socială a Constructorilor or CSC) has provided income protection for workers in the construction sector during the interruption of work in winter.¹ The CSC is a non-profit organization based on a sectoral social agreement. It operates on a bipartite basis and is governed by a general assembly composed of representatives of social partners.

Following the implementation of the CSC, social partners made a sectoral social agreement to extend its scope. Today the CSC provides a wider range of services for the construction sector in Romania.

Main lessons

- By providing income support and job security against the risk of seasonal unemployment, the CSC improves working conditions in the construction sector in Romania.
- The benefits and services of the CSC contribute to the prevention of informal employment in the construction sector.
- The CSC has expanded its services to provide vocational training, cover selected medical and pharmaceutical costs, and conduct safety inspections at select construction sites.
- The CSC is based on a joint initiative of social partners at the sectoral level. The involvement of workers' and employers' representatives ensures ownership and dialogue in the policy-making process.

¹ Law No. 215 of 1997 on the Builders' Social Fund, published in the Official Gazette, No. 372, on 22 December 1997.

- The financial contribution of the construction sector not only adds a unique characteristic to this sector-based bilateral scheme but also provides a crucial source of financing for the CSC.
- The CSC has limitations inherent to a sector-based welfare organization and is exposed to risks due to changes in the economy and the construction sector. These can be overcome by having larger national public schemes.

15.1 What is the coverage of CSC?

CSC covers workers employed by construction companies and manufacturers of building materials in Romania. Its coverage is voluntary in two ways: (a) an employer in the construction sector can decide to become a member of the CSC and (b) an employee of a member company can decide whether or not to join the CSC.²

Table 5 presents data on CSC coverage for 2010-14. In 2013, CSC covered 70,800 workers or 13.8 per cent of employees in the construction sector. However, due to the recent economic downturn that resulted in a contraction of the construction sector in Romania, the CSC lost 28 per cent of its membership in 2014, leaving 50,725 members or 10.7 per cent of the employees in the sector. It is also reported that the CSC lost 16 per cent of its member companies in 2013.

Table 5. Coverage of Romania's CSC, 2010-14

	2010	2011	2012	2013	2014
Member companies	356	390	359	-	-
Employees covered	72 025	67 238	68	70 800	50 725
Employees covered (% of employees in construction)	14.0	13.2	13.1	13.8	10.7
Employed population in construction	701 600	677 100	674 100	673 400	633 900
Of which: Employees in construction	516 100	508 600	521 300	513 600	473 300

² The CSC is considering the introduction of a voluntary membership option for all employees in construction companies and building material manufacturers, irrespective of their employers' CSC membership status.

15.2 What benefits are provided by the CSC?

The core activity of the CSC is the provision of a cash benefit called a “cold weather allowance” to cover employees during the interruption of work in winter months (from November to March). The benefits are paid directly to employees based on a payment request from member companies and endorsed by a trade union or employees’ representative.

The cash benefit is 75 per cent of the individual employee’s average base salary over the last three months and paid in proportion to the interruption of work for a maximum duration of 90 days. The level and duration of the benefit do not depend on the contributions made by individual employees. Throughout the period in which the worker receives the cash benefit, the beneficiary retains their employment status, including seniority, leave and social insurance coverage.

Table 6 presents the number of beneficiaries of, and expenditures on, the cold weather allowance during 2010-14. In 2014, a total of 21,178 workers received cash benefits, representing 41.8 per cent of the covered employees in the same period. Each beneficiary in 2014 received an average of 1,231 Romanian lei (RON) (€277) for 15 days during the winter months.

Table 6. CSC’s cold weather allowance, Romania, 2010-14

	2010	2011	2012	2013	2014
No. of beneficiaries	29 101	31 301	39 010	30 312	21 178
No. of beneficiaries (% of covered workers)	40.4	46.6	57.0	42.8	41.8
Average annual benefit (RON)	986	976	1 092	1 261	231
Minimum wage as of 1 Jan (RON)	600	670	700	700	850
Cash benefit expenditure (thousand RON)	28 690	30 540	42 580	38 230	26 060
Average no. of days for which benefits were paid	-	13.9	14.9	15.9	15.0

In contrast, under the current Law on Unemployment Insurance System and Employment Stimulation, the unemployment benefit is payable to involuntarily unemployed persons who have contributed for at least 12 months in the

last 24 months before their registration at an employment office.³ The monthly amount of the unemployment benefit is 75 per cent of the social reference indicator,⁴ plus a salary-related increment ranging from 3 to 10 per cent if the contribution period is three years or longer.⁵

The maximum duration of the unemployment benefit depends on the contribution period: 6 months if the contribution period is 1 to 5 years; 9 months if the contribution period is 5 to 10 years; and 12 months if the contribution period is 10 years or more. In 2014, there were 475,790 registered unemployed workers in Romania, including 142,474 unemployment beneficiaries or 30 per cent of the total. The average monthly benefit was RON424 (€95) for the unemployed who have made contributions and RON226 (€51) for new graduates.

15.3 How is CSC financed?

CSC's main source of income is contributions paid by employers and employees of member companies and contributions from the construction sector as a whole, as follows:

- (a) Employee contributions equal to 1 per cent of gross base salary;
- (b) Employer contributions equal to 1.5 per cent of turnover of construction projects;⁶
- (c) Construction sector contributions equal to 0.5 per cent of the estimated value of all construction work in Romania, irrespective of CSC membership.

In addition, the CSC retains a reserve fund. Income earned from reserve fund investments also adds to the total income of the CSC. The Law also stipulates that administrative costs should not exceed 10 per cent of the total income of the CSC.

³ Law No. 76 of 2002 on the Unemployment Insurance System and Employment Stimulation, published in the Official Gazette, No. 103, on 6 February 2002.

⁴ The social reference indicator is the base amount of social assistance benefits; in 2015, the social reference indicator was RON500, which is slightly more than half the minimum wage.

⁵ For new entrants to the labour market, the unemployment benefit at 50 per cent of the social reference indicator is payable for up to six months.

⁶ In practice, employers pay their contributions in proportion to the number of their employees covered by the CSC, based on the estimated amount of annual turnover.

Table 7 presents fund operations of the CSC during 2010-14. The following observations may be made:

- (a) Throughout this period, the total income of the CSC exceeded its total expenditures with relatively large surpluses. On average, almost half of the CSC's income came from contributions from the construction sector, more than a quarter from employer contributions and about 20 per cent of total income from investment income. Employee contributions accounted for only 6 to 7 per cent of total income;

Table 7. Fund operations of CSC, Romania, 2010-14 (thousands of RON)

	2010	2011	2012	2013	2014
Total income	56 020	56 180	57 190	48 940	45 540
- Employee contributions (1%)	3 680	3 877	4 079	3 135	2 898
- Employer contributions (1.5%)	14 570	14 371	15 969	14 940	8 000
- Construction sector contributions (0.5%)	25 460	27 730	25 990	20 790	25 660
- Investment income	12 300	10 190	11 150	10 070	8 990
Total expenditures (est.)	33 650	35 370	47 810	43 000	33 160
- Cash benefit	28 690	30 540	42 580	38 230	26 060
- Other (est.)	4 960	4 830	5 230	4 770	7 100
Reserve fund	168 810	189 620	199 000	204 940	217 320
Reserve fund / Benefit exp.	5.0	5.4	4.2	4.8	6.6

- (b) The surpluses in the recent past are largely due to the contributions from the construction sector; without the sectoral contributions or investment income, the bipartite contributions from employers and employees would cover only 40 to 60 per cent of benefit expenditures;
- (c) There are no data on how many contributions are paid per covered worker per year; assuming that all covered workers contribute at the minimum wage, it is estimated that the average contribution period was at most 8.5 months

per year for 2010-12, while in 2013 and 2014, under the same assumption, the average contribution period decreased to at most 6.5 months per year;

- (d) Due to past surpluses, the CSC has accumulated a substantial level of reserve funds. At the end of 2014, the reserve fund totalled RON217.3 million or 6.6 times total annual expenditures. The assets of the CSC were composed of bank deposits (58.7 per cent), government securities and bonds (32.4 per cent) and corporate bonds and credit-linked notes (8.9 per cent);
- (e) Benefit expenditures peaked in 2012 and then gradually declined mainly due to the decrease in the number of beneficiaries. Other expenditures, which include administrative costs, were steady at 9 per cent of total income until 2013; however, these expenditures increased sharply to 15.6 per cent of total income in 2014.

15.4 How have CSC's services for the construction sector been further expanded?

Since the implementation of the cold weather allowance, the scope of CSC services has gradually expanded to cover various support services aimed to foster the building industry. In 2001, the CSC started issuing bank guarantee letters to member companies—those who have made contributions—to participate in bidding for new construction projects. The CSC facilitates preferable purchase or exchange of goods and services, including building materials and equipment, between CSC member companies. Furthermore, based on the sectoral social agreement in the construction sector, the following non-profit organizations were subsequently established:

- (a) A vocational training centre for builders (Casa de Meserii a Constructorilor), established in 2004, organizes vocational training, issues skill certifications and develops occupational standards;⁷
- (b) An occupational safety and health centre for builders (Casa de Siguranță în Mediul de Muncă a Constructorilor), established in 2007, provides consultation and training on occupational safety and health and conducts safety inspections in line with the agreement with the State Labour Inspectorates;

⁷ A sectoral committee on construction (Comitet Sectorial în Construcții) was initially established within this training centre; it was reorganized as an independent non-governmental organization of public utility in 2011, when Law No. 268 of 2009 entered into force.

- (c) A coordination committee for multinational companies (Comitetul Paritar pentru Trusturi Transnaționale), established in 2007, provides liaison between multinational and domestic companies, especially in the areas of sub-contracting and social dialogue;
- (d) A coordination committee for migrant and posted workers (Comitetul Paritar pentru Muncitori Migranți), established in 2007, implements the regulation on foreign worker quotas and provides assistance to potential migrant workers;
- (e) A leave management centre for builders (Casa de Concedii a Constructorilor), established in 2007, provides services covering the payment of annual and medical leave and oversees a network of clinics and pharmacies across the country.

The consortium of these non-profit organizations, which together provide comprehensive services for the construction sector, is known as the self-regulatory sectoral system in construction (Sistemul de Autoreglementări Sectoriale în Construcții).

15.5 What are CSC's good practices?

The main advantages of the CSC are summarized here. First, workers have an obvious advantage in securing their income and employment status, including social insurance coverage during the seasonal disruption of construction work: the level of the cold weather allowance is higher than the unemployment benefit and the qualifying period is shorter.

Second, the CSC benefits provide an incentive for workers (especially skilled workers) to stay in the domestic labour market, thereby preventing the emigration of skilled workers from Romania.

Third, CSC provides member companies with support services, such as bank guarantee letters, preferable access to the commodity market, vocational training, occupational safety and health services and other types of business assistance.

Fourth, the CSC contributes to better industrial relations and improved social dialogue. The bipartite structure underpinning the governance of the fund administration ensures ownership and social dialogue in the policy-making process. It also enables social partners to represent their common interest vis-à-vis the Government and other national and international actors.

Fifth, by requiring covered workers to have employment contracts and be registered at local labour inspectorates, the CSC creates an incentive for informally employed workers to move into formal employment. It should be noted that about one third of the workers in the construction sector in Romania are employed informally.

15.6 What are the challenges and limitations of CSC?

Despite the success of the programme, challenges and limitations remain for the CSC.

First, the CSC must further enhance the enrolment of companies and workers, in particular small and medium-sized businesses. At the same time, the CSC should take steps to improve compliance and the collection of contributions from member companies and covered employees. The issue of coverage extension is especially pertinent in view of the contributions collected from the whole construction sector.

Second, yearly surpluses and the cumulative reserve fund can be used to enhance the income security provided by CSC benefits. Subject to a more in-depth assessment, one could develop possible options, including by improving the replacement rate of the cold weather allowance, extending the benefit duration, and paying benefits in cases of income stoppage due to other adverse weather conditions (e.g. floods, heat waves, etc.).

Third, the CSC has limitations inherent to a sector-based bilateral model. Coverage of a single sector exposes the scheme to risks that could arise from changes in the economy and the industry's employment structure in the domestic labour market, as evidenced by the recent decline in membership.⁸

Fourth, the CSC enjoys a significant advantage in the contributions from the construction sector, which may not exist in other sectors. If the replication of a CSC-type scheme in other sectors is to be considered, then benefits should be designed by taking into account both the contributory capacity of employers and workers and the availability of complementary sources of income.

⁸ It should be noted that the CSC has been providing support to Moldovan social partners to establish a similar system in the Republic of Moldova.

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Employment injury insurance

Stefan Urban

Summary

The contributory social security system in Malaysia provides income security to employees and their dependants in cases of work-related accidents and occupational disease, as well as non-work-related invalidity and death. The scheme is supplemented by a holistic network of services, including occupational safety and health promotion programmes, healthy lifestyle campaigns and rehabilitation centres that prevent accidents and diseases and facilitate the reintegration of injured workers into the workforce.

The Social Security Organisation of Malaysia (SOCSO) is the main public institution governing the provision and management of the employment injury insurance (EII) and invalidity pension (IP) schemes. SOCSO has been running these schemes for more than 40 years and is recognized for its achievements in the prevention of work-related injuries and the rehabilitation of injured workers. SOCSO complements the EII and IP schemes by providing support services through its occupational safety and health promotion programme, health screening programme and return-to-work programme in its newly established rehabilitation centres.

Main lessons

- Contrary to employers' liability programmes, EII schemes anchored in a strong legal framework protect employers against the financial consequences of catastrophic accidents. Thanks to EII, brands and buyers are no longer held responsible for compensating injured workers in factories.

- Income security provided by EII and IP schemes secures the purchasing power of injured workers and dependants of deceased workers to smooth aggregate demand and consumption.
- The occupational safety and health promotion programme and healthy lifestyle campaigns reduce the incidence of work-related accidents and diseases and therefore reduce the costs of the EII and IP schemes.
- The return-to-work programme, rehabilitation centres and vocational rehabilitation help injured and disabled workers to recover and rejoin the workforce faster. This not only supports families and the effective functioning of the labour market but extends the contribution base of existing schemes.

16.1 How did the employment injury and invalidity pension schemes develop?

The EII and IP schemes were created in 1969 and are legislated by the Employees' Social Security Act of 1969.

Employees are eligible to participate in the EII and IP schemes if they are Malaysian citizens and earn no more than 4,000 Malaysian ringgits (MYR) per month or, when their monthly wages exceed MYR4,000, if they have previously contributed to the schemes or have a mutual agreement with their employer.

Foreigners are not covered by the scheme. As of 2016, coverage is extended to self-employed persons, own-account workers, workers in the informal sector, business owners and the liberal professions.

As of December 2014, SOCSO had 948,219 registered employers and 15.25 million registered employees. Among the latter, 6.2 million were active contributors and 570,625 were recipients of benefits. A total number of 63,331 accident cases were reported in 2014, with a reduction of 0.36 per cent in comparison to the previous year. Of these accidents, 55.73 per cent were industrial accidents and the rest were commuting accidents.

16.2 What benefits are provided?

The EII scheme provides compensation to employees who suffer from accidents and occupational disease arising out of and in the course of employment, includ-

ing commuting accidents. The IP scheme provides compensations to injured workers and to dependants of deceased workers irrespective of the causes of injuries and deaths.

The contribution rate of the EII scheme is set at 1.25 per cent of insurable earnings and is solely borne by employers, while the contribution rate of the IP scheme is set at 1 per cent of insurable earnings, equally shared by employers and workers.

Benefits under the EII scheme include coverage of medical expenses (including rehabilitation sessions), temporary and permanent disablement, and dependants', funeral and education benefits. Benefits provided under the IP scheme include invalidity pensions and grants, survivors' pensions, funeral benefits and rehabilitation benefits.

EII benefits are provided to employees in cases of: (a) industrial accidents while carrying out their duties; (b) accidents while travelling on a route between the employee's home and the place of work, on a work-related journey or on a journey between work and where the employee takes a meal during any authorized recess; (c) accidents during emergencies that occur at or near the workplace or while assisting in an emergency (rescuing, protecting other people from disaster or any form of danger); and (d) occupational diseases.

Benefits of the EII scheme are classified into short- and long-term benefits. Short-term benefits include medical and rehabilitation benefits, temporary disability benefits and funeral benefits. Long-term benefits refer to permanent disability benefits and dependants' benefits provided in principle in the form of pensions for life, although they may be partly or fully converted into a lump sum under specified conditions. The amount of pension depends on the salary of the insured and, in the case of permanent disability benefits, on the degree of disability, but does not depend on a past service period of the individual.

16.3 What are the complementary services provided?

The EII and IP schemes provide a variety of complementary services to promote health and safety and to improve peoples' ability to return to work (RTW), to recover from accidents and to develop new skills and capacities in case of job relocation. These services, in particular the RTW programme, are embedded in legislation.

Promoting occupational safety and health

Central to SOCSO is the promotion of awareness for occupational safety and health and a healthy lifestyle. In 2014, 248 programmes were carried out by SOCSO across the country, including a programme on best practices in implementing commuting safety management, a national safe commuting to work campaign and commuting accident prevention seminars.

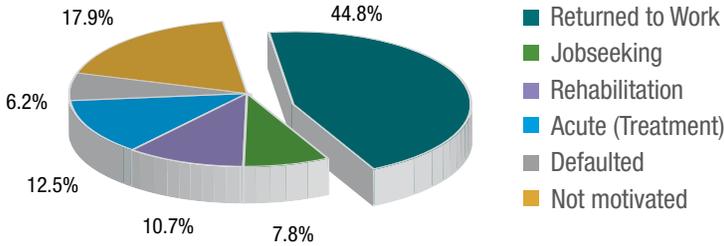
Encouraging a healthy lifestyle

In 2013, SOCSO introduced its health screening programme to improve its members' health, in particular concerning non-communicable diseases. Free health checks are given to all SOCSO contributors 40 years and over who are actively working. Since its inception, the SOCSO health screening programme has been offered to more than 1.9 million contributors. A total of 3,262 private clinics, including laboratories and mammography centres, provide their services to the beneficiaries of the programme nationwide.

The RTW programme

The RTW programme was introduced by SOCSO in 2007. This physical rehabilitation programme assists employees suffering from disabilities to recover and rejoin the workforce.

The programme is implemented through a systematic case management system. The case manager performs a variety of tasks to ensure a consistent and systematic management of the rehabilitation process and ensure that the injured worker returns to work. These tasks include an initial assessment of the individual's needs, followed by recommendations regarding workplace modifications or provisions of specialized medical treatments. Modifications at the workplace include adjustments in job scope, tasks, working hours and workplace. If RTW participants are unable to return to their former employer, they are entitled to receive assistance in job matching and placement, including any new skills and vocational training that are required for new occupations. Participants also receive a rehabilitation allowance of MYR20 per day to encourage medical rehabilitation session attendance. Through an RTW monitoring mechanism, qualitative assessments of depression, anxiety, stress and of several self-perceived psychosocial outcomes are carried out and help to adjust the rehabilitation process.



Note: There were 2,475 RTW referred cases in 2012 alone.

Source: Based on SOCSO data for 2012.

In 2014, the programme provided rehabilitation to 2,583 insured members. Since its launch in 2007, a total of 10,643 members have been able to return to work after rehabilitation. Cases are usually processed within one year after referral. As indicated in the figure above, out of 2,475 referred cases in 2012, approximately 45 per cent of the insured persons were re-employed during that year, of which most (79.4 per cent) returned to the same or a similar job with the same employer as before their injury or disability.

Rehabilitation centres

The SOCSO rehabilitation centres provide rehabilitation services aimed at restoring the insured members' capacities to the needs of work. SOCSO has contracted a number of health professionals and service providers to offer these rehabilitation services, including the development of rehabilitation plans (which is usually done by medical professionals), physical rehabilitation, vocational and occupational rehabilitation, prosthetic/orthotic providers and many others.

SOCSO education loan benefit

SOCSO education loan benefit provides loans or scholarships to dependent children of insured persons. The applicant must be a dependent child of an insured person who dies because of an employment injury or due to an unspecified cause before the age of 55 and must meet the eligibility requirements of the survivor.

16.4 What's next?

Malaysia has been successful in building a comprehensive EII and IP system over recent decades by providing a wide range of benefits, complemented by support services that promote health and safety and the reintegration and rehabilitation of insured members.

Health promotion is an ongoing process rather than a one-time event. Consistent communication with insured workers and their families about health and well-being are essential.

The possibility of extending the coverage of the EII scheme to foreign workers should be considered to make the scheme truly comprehensive. Foreign workers are currently covered under the Workmen's Compensation Act and the benefit amounts are much lower than those under the SOCSO scheme. Extending coverage to self-employed persons, own-account workers, workers in the informal sector, business owners and the liberal professions as of 2016 will most probably raise new challenges.

Some of SOCSO's new rehabilitation Centres have encountered difficulties with unadapted infrastructure. The number of days that it takes on average to manage a case needs to be reduced. Additional efforts are also needed to alleviate stigma and other cultural factors that can impede people's participation of the RTW programme and to extend coverage to non-participating members, including those who are not motivated to participate or have left the programme prematurely.

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A simplified regime for micro-entrepreneurs

Thibault van Langenhove

Summary

To encourage entrepreneurship and reduce social and tax evasion, the Government of France introduced a simplified mechanism in 2009. It facilitated the creation of micro-enterprises, collected taxes and encouraged the affiliation of self-employed workers with the social security system. The scheme has led to the creation of 911,000 micro-enterprises to date.

The self-entrepreneur scheme (*régime de l'auto-entrepreneur*) allows anyone to create and register their own micro-enterprise on a web portal. Most of the administrative procedures related to the micro-enterprise's registration and the payment of social contributions and taxes can be done on the web portal.

The scheme has installed a simplified tax collection and social contribution payment mechanism for all self-employed workers. Coordination between existing social protection schemes and the tax office is done in a back office.

Main lessons

- Simplified administrative procedures for the creation and registration of micro-enterprises and the payment of social contributions and taxes contribute to reducing undeclared work and facilitating the formalization of the economy.
- A unique social protection and tax payment front office can be created even in countries where the social protection system is particularly complex and involves a large number of institutions.

- Social protection entitlements are part of an incentive package that can be used to boost entrepreneurship.
- Controls and inspections are required to ensure that employers do not abuse the system by asking salaried workers to start a micro-enterprise, which would lead to less security and more instability.
- Massive communication campaigns are needed for such a scheme to reach its target population, which is often diverse, widely dispersed and not very organized.

17.1 Simplifying business registration for self-employed workers reduces undeclared work and is a driver for enterprise development

In 2007, international benchmarks showed that the share of self-employment among enterprises in developed countries was 76 per cent in the United States, 70 per cent in Spain but only about 50 per cent in France (Hurel, 2008). There was a need to facilitate the creation of small enterprises for merchants, artisans and professionals providing other services (*professions libérales*) and to overcome the social, cultural and administrative barriers to the full development of entrepreneurial activities in France.

The creation of the self-entrepreneur scheme in 2008 as part of the Law on the Modernization of the Economy aimed to support the creation of micro-enterprises for all those who want to be self-employed as their main occupation or as a supplementary activity (e.g. retired persons wanting to start a business to generate additional income to complement their pensions). Many of these potential entrepreneurs were reluctant to take action due to the administrative complexity of creating and managing an enterprise.

The self-entrepreneur scheme promotes the easy creation and registration of micro-enterprises to facilitate entrepreneurial development. It is particularly relevant for the unemployed or young professionals who do not find salaried jobs that match their skills and expectations, and may instead wish to create their own micro-enterprise. Retired persons may also wish to start their own businesses to generate complementary sources of income. The scheme also envisions reducing the share of undeclared activities in France, therefore formalizing employment. The self-entrepreneur scheme was one of the solutions devised to

curb the increasing unemployment resulting from the global financial and economic crisis.

Three main administrative simplifications were introduced via this scheme: (a) calculation rules for social contributions were simplified and their collection streamlined in a single payment; (b) the possibility of combining self-employment with a salaried activity or a pension was facilitated through adapted contribution and tax payment mechanisms; and (c) a simplified income tax calculation (percentage of gross income) and payment mechanism (monthly or quarterly through the web portal) were introduced.

17.2 Creating a micro-enterprise and paying contributions and taxes through a web portal

Anyone who wishes to become a self-employed merchant, artisan or independent professional (e.g. consultant) can enrol in the self-entrepreneur scheme. The scheme allows for the creation of a micro-enterprise, which is defined in 2018 as an enterprise that cannot exceed a gross annual income of (a) €170,000 in the sectors of trade, production of goods or retailing and renting premises, or (b) €70,000 in the services sector. A micro-enterprise in which the gross income exceeds these annually revised ceilings will automatically become a standard enterprise and thus will lose the benefits of the scheme.

The registration of the micro-enterprise is done by responding to 10 questions on an online portal (www.lautoentrepreneur.fr). During the online registration, the self-entrepreneur can:

- (a) request complementary financial assistance for the creation of the micro-enterprise (only unemployed persons and beneficiaries of the social assistance system can benefit from this option);
- (b) select institutions that will administer social health insurance protection from a list of providers;
- (c) declare dependants who will benefit from the social health insurance scheme;
- (d) register a partner if a partner also regularly works in the micro-enterprise;
- (e) choose between two different income tax payment options: (i) the general taxation scheme in which revenues from the micro-enterprise are aggregated with other sources of income and taxed according to the regular process and rates, or (ii) a simplified scheme which allows taxes to be paid based on a

fixed rate of the gross income, available only to those whose global taxable income is below a certain threshold;

- (f) decide on the frequency (monthly or quarterly) of social contributions and simplified tax payments; and
- (g) decide to separate their professional estate from their personal estate in order to protect the latter in case of bankruptcy.

Upon validation of the form, the self-entrepreneur receives an identification number from the National Institute of Statistics and Economic Studies (Institut national de la statistique et des études économiques or INSEE). The only additional steps are to register the micro-enterprise at the appropriate professional registry (merchant, artisan or professional services) and to subscribe to professional liability insurance.

The self-entrepreneur then has to declare monthly or quarterly earnings according to the option selected on the web portal. Social contributions are automatically calculated based on a percentage that can differ from one sector to another. If the self-entrepreneur has chosen the simplified tax scheme, a predefined percentage will be applied to the gross income.

Table 8. Social contribution and income tax rates applied to micro-enterprises' gross income in France in 2018

Type of activity	Social contribution	Income tax (simplified)
Sale of goods	12.8%	1%
Provision of services – merchant or artisan	22%	1.7%
Provision of services – other (e.g. massage)	22%	2.2%
Professional services	22%	2.2%

Source: France (Agence centrale des organismes de sécurité sociale), January 2018.

In addition to the above-mentioned payments, the self-entrepreneur must pay a contribution for continuous vocational training and a levy to the professional registry. These two payments cannot be completed through the web portal. It is important to note that micro-enterprises do not pay any value-added tax (VAT) to the Government. In exchange, the micro-enterprises cannot deduct VAT from the cost of goods and services that they purchase.

The unique social contribution payment provides access to health insurance including maternity, work injury insurance, sickness insurance, family allowances, invalidity pensions, survivor pensions and retirement pensions. If the self-entrepreneur is also a salaried employee, they will remain under the general scheme for health insurance, maternity and work injury, but will contribute to two pension schemes and ultimately cumulate the two pensions.

However, on average, micro-enterprises generate limited revenues and thus pay limited social contributions. Only 5 per cent of merchant, 12 per cent of artisan and 18 per cent of professional service self-entrepreneurs manage to contribute in full to their respective pension schemes. For the vast majority of self-entrepreneurs, low levels of social contributions will lead to low levels of old-age pensions.

17.3 The scheme has been a success in supporting the creation of enterprises

At the end of the first semester of 2017, nine years after the creation of the programme, 1,197,000 self-entrepreneurs were registered in France, 62.5 per cent of whom had a positive gross income in 2016, with an average gross income of €9,064. Self-entrepreneurs represented 51 per cent of self-employed persons in France and about 23 per cent of the total number of enterprises. However, with a total gross income of €6.5 billion in 2013, they account for only 0.31 per cent of the GDP.

Although the scheme has been successful in creating enterprises, the level of income generated remains low and more than 90 per cent of self-entrepreneurs earn less than the minimum wage. The socio-economic diversity of participants partly explains why some do not strive for higher income levels. In fact, only a minority aim to create a regular activity, while the unemployed or underemployed benefit from the scheme by creating their own jobs and testing their ideas. Others use the scheme to generate supplemental income to complement regular wages or retirement pensions. Finally, some are satisfied with the size of their micro-enterprises and do not seek to develop them further (i.e. sufficient to survive).

17.4 Way forward

Today, some of the administrative procedures (e.g. registration in the relevant professional registry) and payments (e.g. contributions for continuous

vocational training and professional liability insurance) cannot be done through the scheme's portal. The web portal should be further developed to offer the possibility of completing all declarations and payments online. Additionally, numerous reports mention the complexity of the back-office processes and the need to further coordinate the tax office and social security institutions involved.

There is also a need to further develop controls and inspections in order to prevent the scheme from being used to avoid VAT payments and disguise undeclared work and to ensure that employers do not abuse the system by asking employees to create their enterprises. Ideally, these should be developed together with the provision of additional support to micro-entrepreneurs to help them graduate from micro-enterprises to standard enterprises.

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Expanded public works programme

Kagisanyo Kelobang and Cheng Boon Ong

Summary

Despite the overall economic growth in post-apartheid South Africa, poverty and unemployment remain pressing concerns. In response to these challenges, the South African Government has established the Expanded Public Works Programme (EPWP) to provide work and skills development opportunities for the most vulnerable.

According to Statistics South Africa (Stats SA), the unemployment rate stood at 25.5 per cent in 2015, which translates to 5.3 million persons. Of these, 85 per cent are Black Africans, a lingering legacy of apartheid policies. The youth are the worst afflicted, constituting 68 per cent of the unemployed population. The South African National Development Plan 2030 outlines South Africa's social protection strategy to protect the old and the young, as well as adults of working age who are unable to work because of structural unemployment, illness and disability. This strategy also includes supporting stronger labour market participation to tackle the current unemployment. The EPWP was set up in 2003 to provide poverty and income relief by creating temporary work opportunities for the unskilled, unemployed, poor and vulnerable (including the disabled). Since its inception, it has generated more than 8 million employment opportunities.

Main lessons

- It is possible to provide employment-based basic income security for working age persons as mandated by ILO's Social Protection Floors Recommendation, 2012 (No. 202).
- The establishment of the EPWP benefited from strong political support, while its programme design process was based on social dialogue in which

the National Economic Development and Labour Council was a key stakeholder.

- The EPWP is delivered through existing provincial government structures to avoid duplication of institutions and to increase its cost efficiency.
- The EPWP has introduced new work programmes to expand its job offerings beyond the infrastructure sector.
- The EPWP puts emphasis on the participation of youth, women and disabled persons.
- The EPWP includes a training and skills development component to enable participants to graduate into self-employment or formal employment; this increases its impact on increased sustainable labour market participation.
- The EPWP demonstrates that public works programmes alone cannot resolve national structural unemployment. The EPWP needs to be complemented by longer-term measures, such as educational reforms and economic development policies.

18.1 Poverty and unemployment in South Africa

Poverty and unemployment are endemic challenges in South Africa. Stats SA data indicates that as at 2011, 45.5 per cent of South Africans were living below the poverty line. The incidence of poverty is highest among Black Africans (54.0 per cent), women (47.1 per cent) and youth aged 18 to 24 (50.7 per cent). Education and employment remain important tools to fight poverty. Poverty rates among adults with no formal education was at 66.0 per cent, while the rate of unemployment (as at 2014) was again highest among the Black Africans (28 per cent), women (27 per cent) and youth (16.3 per cent). Black Africans, women and youth represent the largest population segments of the unemployed, at 80.2 per cent, 51.2 per cent and 42.7 per cent, respectively.

The EPWP represents one of the social protection tools to address the poverty and unemployment challenges in South Africa. It has its origins in the Growth and Development Summit of 2003, a key thematic outcome of which was to deliver “More jobs, better jobs, decent work for all”, via public works programmes, which were expected to “provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities”.

18.2 How the EPWP works

The EPWP was officially launched in 2004 as a nationwide Government programme. Government and state-owned enterprises use the EPWP to generate temporary labour-intensive employment opportunities through the delivery of public infrastructure (schools, roads, clinics) and the provision of socially useful services such as home-based care, community security and the cultivation of community gardens.

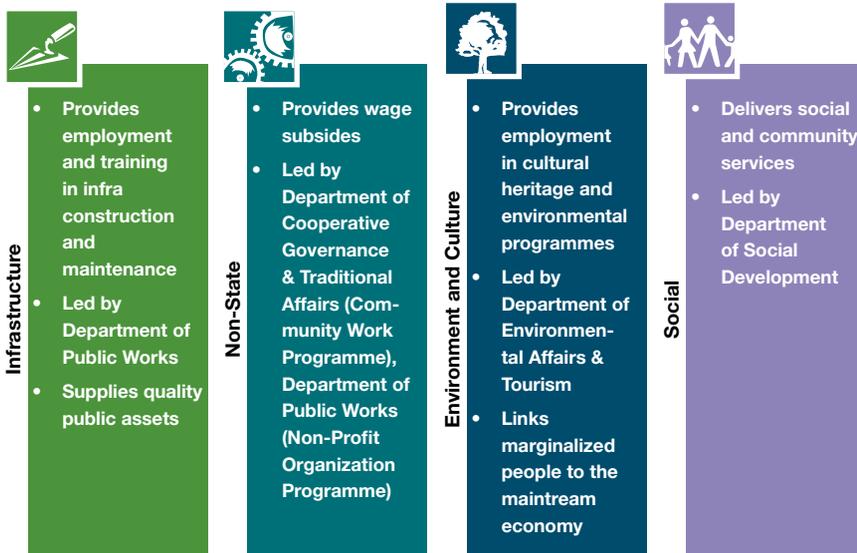
The policy design and delivery of the EPWP is the purview of the Departments of Social Development and Public Works, the first responsible for the development of the overarching social protection policy while the second drives the delivery, coordination and monitoring of EPWP programmes. The national and provincial governments and their subordinate municipalities allocate a part of their budget to the procurement of services via the EPWP framework. EPWP projects falls under the following four thematic areas (see figure 19):

- (a) Infrastructure: creating work opportunities in construction, rehabilitation and the maintenance of rural and low-volume roads, schools, clinics, etc.;
- (b) Non-state: creating work opportunities through the non-profit and community organizations to deliver communal programmes and services;
- (c) Environment and culture: creating work opportunities in the public environmental management sector (water, parks, fire, wetlands, waste etc.) and through cultural programmes (tourism, arts, crafts, etc.);
- (d) Social sector: creating work opportunities in public social programmes, including early childhood development, community-based care, community safety, etc.

Some EPWP projects fall under the National Youth Services Programme, which has a mandatory training and skills development component, as supported by the Department of Higher Education and Training.

The Minister of Labour is responsible for setting the conditions of work applicable to all EPWP participants. The stipulated conditions include defining an annually adjusted minimum wage, currently set at 88.00 South African rand (ZAR) (approximately US\$7.30) per day as at 1 November 2017, as well as the hours of work, overtime rates, entitlement to maternity leave and considerations relating to injury at work and health and safety.

Figure 19. Four thematic areas of South Africa's EPWP



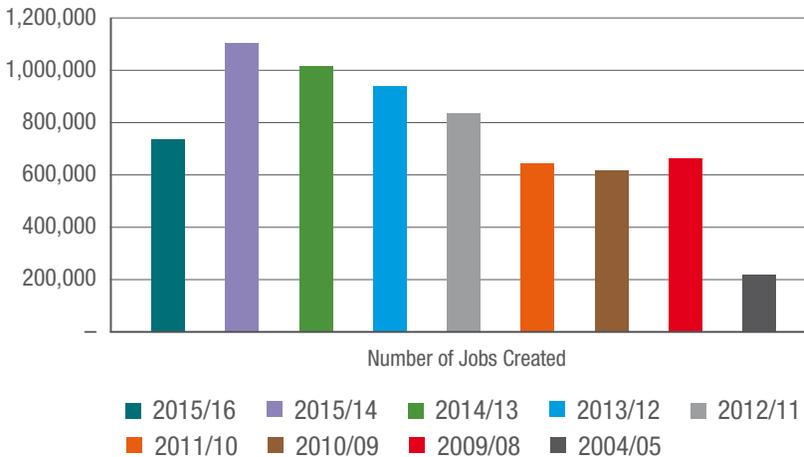
Source: South Africa, Department of Public Works (www.epwp.gov.za).

The EPWP satisfies some of the provisions under ILO Recommendation No. 202, including the entitlement to benefits prescribed by national law, the adequacy and predictability of benefits via annually adjusted minimum wage rates, and social inclusion via prescribed participation targets of 55 per cent for female and youth and 2 per cent for people with disabilities.

18.3 Impact of the EPWP

The EPWP contributes to the creation of public infrastructure, as well as the provision of social services for utilization by the wider South African population. A total of 10,469 EPWP projects were rolled out during the 2015/16 cycle. The majority of these projects were located in the infrastructure sector (3,839) and social sector (3,409), followed by the environmental and culture sector (2,619) and non-state sector (612).

The number of employment opportunities created by EPWP projects totalled 741,540 in 2015/16, with an average duration of 88.25 working days (approximately four months). The total wages generated amounted to ZAR 6.1 billion (approximately US\$460 million).

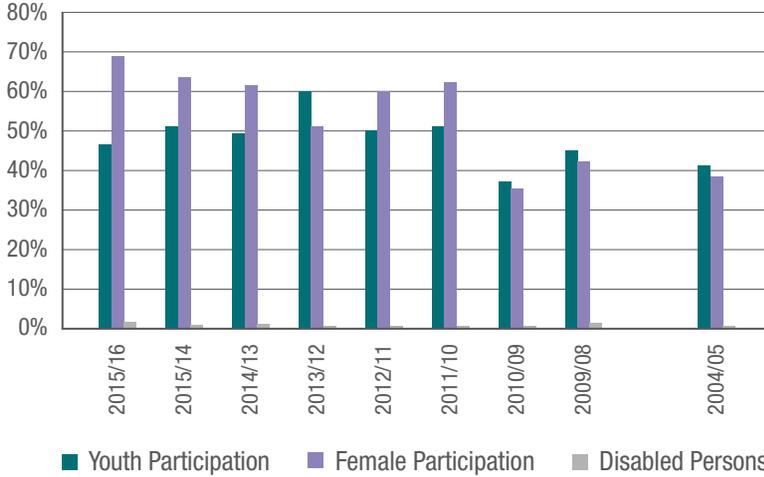
Figure 20. Job opportunities created per year by South Africa's EPWP

The target of phase 1 of the EPWP (2004-09) was to create a cumulative total of 1 million job opportunities, a target which was attained and surpassed. Phase 2 of the EPWP (2009-14) achieved 80 per cent of the targeted 4.5 million work opportunities in 2014. The current phase 3 of the EPWP (2014-19) targets the creation of a cumulative total of 6 million work opportunities by 2019, supported by a Government funding commitment of ZAR 150 billion (approximately US\$11.4 billion) over five years.

The EPWP has successfully included vulnerable groups, such as women, youth and persons with disabilities, in its pool of participants. As at 2015/16, the participation of women had grown to 69 per cent, while that of youth and the disabled comprised 46 per cent and 2 per cent, respectively.

The EPWP has standardized its recruitment process to ensure that participants are selected on a fair and objective basis. It has also introduced a job-matching process to make sure that the profile of selected participants complements the requirements of the employment opportunities available. The EPWP has instituted compulsory training in some of its projects, notably those targeting youth. This is meant to enhance the participants' skills set and productivity, affording them the chance to graduate to self-employment or formal employment after completion of the EPWP programme. According to Stats SA, 70 per cent of former EPWP participants have since transitioned to longer-term self-employment or formal employment.

Figure 21. Participation in South Africa’s EPWP by youth, women and disabled persons



18.4 What’s next?

Despite the success of the EPWP, poverty and unemployment in South Africa remain a chronic challenge. The EPWP is acknowledged as a “short- to medium-term measure” to address these challenges. To generate a long-term solution, the EPWP should be complemented by educational reforms to improve labour market skills, policies to promote economic growth (especially in entrepreneurial and labour-intensive sectors) and social redistributive policies to ensure inclusive development and equity. While efforts in this regard are ongoing, their effective coordination, coupled with sustained political will, could yield improvements to the poverty and unemployment profile of South Africa.

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PART

III

Security
in old age
and disability

PLURINATIONAL STATE OF BOLIVIA

Dignity pensions for older persons

Fabio Durán-Valverde and Tomás Barbero

Summary

Renta Dignidad (Dignity Pension) is making the social protection floor a reality for all older people in the Plurinational State of Bolivia.

Despite having the lowest GDP per capita on the continent, the Plurinational State of Bolivia has achieved one of the highest coverage rates in old-age pensions. With the introduction of the non-contributory old-age pension scheme known as Renta Dignidad in 2007, the country has closed coverage gaps and achieved universal coverage.

Renta Dignidad costs about 1 per cent of the country's GDP and is financed by public revenues generated from taxes on oil and gas production and dividends from a group of state-owned companies.

The impacts of Renta Dignidad on people's lives are remarkable. For example, the programme led to a reduction in the poverty rate by 14 per cent at the household level. It has secured the incomes and consumption of beneficiaries, reduced child labour and increased school enrolment. In households receiving the benefit, child labour has been halved and school enrolment has reached close to 100 per cent.

Main lessons

- The country's Renta Dignidad programme shows that universal social protection for older persons is achievable, even in developing countries.

- This non-contributory social protection programme has a significant impact on poverty reduction for older persons and other family members living with them: it has reduced poverty by 14 per cent.
- Political will and government commitment are essential. In particular, increasing fiscal space is indispensable to significantly extending old-age pension coverage. Renta Dignidad is financed by revenues from natural hydrocarbon resources.
- Renta Dignidad is administered by the Ministry of Economy and Public Finance, but the Bolivian Armed Forces have also played a critical role in achieving higher coverage rates in remote rural areas. There are more than 200 payment points installed in military facilities and its mobile units.
- By boosting local demand, stimulating the rural economy and improving civil registration in rural areas, the universal old-age pension is a driver of growth and development.

19.1 What does the system look like?

Renta Dignidad is a universal programme: there are no conditions or means tests to receive the benefit. Along with the country's conditional cash transfer programmes, the Bono Juancito Pinto (for schoolchildren) and the Bono Juana Azurduy (for expectant and new mothers and their infants), Renta Dignidad is another step towards creating a national social protection floor.

Key figures. Relevant data include:

- Renta Dignidad reaches 91 per cent of the population over 60;
- The monthly benefit amount is 250 bolivianos (BOB) (US\$35.9) for beneficiaries without a contributory pension; BOB200 (US\$28.7) is paid to recipients of the contributory scheme;
- The involvement of the Bolivian Armed Forces has played a critical role in achieving higher coverage rates in rural areas.

Benefit packages. The monthly benefit amount for retirees who are not part of the contributory pension scheme was raised in 2013 to BOB250 (\$35.9) and to BOB200 (\$28.7) for those covered by the contributory pension scheme. These amounts represent 38 per cent of the poverty line and 21 per cent of the minimum wage, respectively.

Financing. The scheme's cost (benefits plus administrative costs) amounts to roughly 1 per cent of GDP. It is financed from two sources: resources derived from a direct tax on hydrocarbons and dividends from nationalized public enterprises that are earmarked to finance the *Renta Dignidad*. The Government's revenue from the exploitation and sale of hydrocarbons has increased tremendously. This in turn has brought about a significant increase in fiscal revenues and hence fiscal space for financing social protection.

Legal framework. *Renta Dignidad* was established in 2007 by Act No. 3791, replacing the previous social pension scheme known as *BONOSOL*. The benefit is guaranteed under the Constitution of 2009, which states that "all older persons have the right to a dignified old age, with human quality and warmth. The State shall provide a lifelong old-age pension in the framework of the integrated social security system, as stipulated by legislation". Eligible beneficiaries must be at least 60 years of age, be a Bolivian or naturalized citizen, be domiciled in the country and have a national identity document.

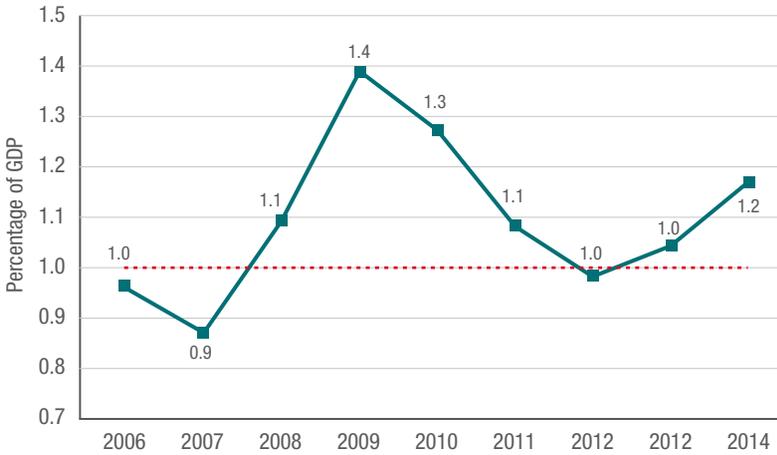
Institutional arrangements for delivery. *Renta Dignidad* is administered by the Ministry of Economy and Public Finance, with cooperation from the military and the national banking system in the delivery of benefits.

The pension is paid on a monthly basis. The payments are made in more than 1,100 payment centres across the country, including branches of financial institutions and Bolivian Armed Forces payment centres, whose involvement has played a critical role in achieving high coverage rates in remote rural areas. There are more than 200 payment points installed in military facilities and its mobile units, all of which are equipped with mobile satellite dishes. The centralized database of beneficiaries can be accessed from anywhere in the country, allowing beneficiaries to collect their pensions at any location.

19.2 How was this major breakthrough achieved?

The consolidation of *Renta Dignidad* as a universal social pension can be explained by two main factors. First, in the course of privatizing public enterprises in 1995, half of the shares of these companies were sold to foreign investors, while about 48 per cent were granted to Bolivians 21 years of age or older. After their renationalization, the dividends generated by these enterprises were earmarked to finance the *Renta Dignidad*. Second, in 2006, the Government renationalized the hydrocarbon sector and recovered ownership and control of

Figure 22. Cost of Renta Dignidad in the Plurinational State of Bolivia



Source: Plurinational State of Bolivia: *Información Estadística Renta Dignidad*.

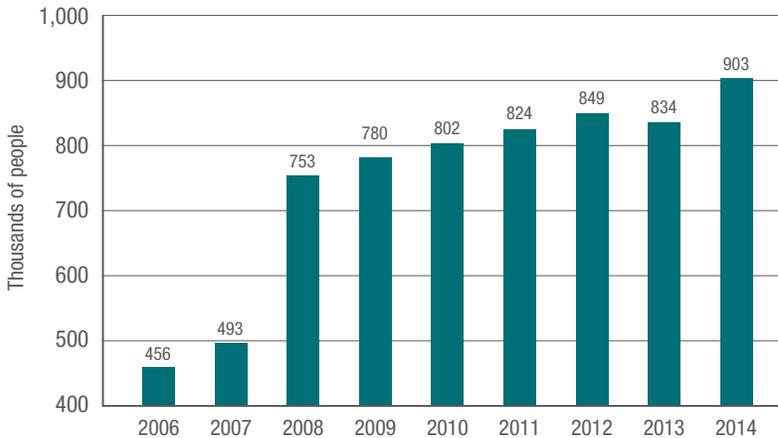
the country’s natural hydrocarbon resources. The allocation of revenues from this sector was renegotiated, with 82 per cent of revenues going to the State and 18 per cent to private companies, which allowed for the creation of fiscal space for financing social protection.

19.3 What is the impact on people’s lives?

Outcome. Renta Dignidad is the first, and so far the only, universal pension programme in Latin America. The effective coverage rate is more than 90 per cent of people over the age of 60.

Impact on people’s lives. Renta Dignidad led to a reduction in the poverty rate at the household level of 14 per cent. It stabilizes household incomes and contributes to boost consumption levels. Positive impacts on child labour and education are also significant. A study conducted by the Government (Escobar Loza et al., 2013) shows that children living in households receiving Renta Dignidad benefits are less likely to be working (by 8.4 per cent) than children in households that do not benefit from Renta Dignidad. Meanwhile, school enrolment rates were 8 per cent higher in households receiving the social pension, making the enrolment rate close to 100 per cent for this group.

Figure 23. Number of Renta Dignidad beneficiaries in the Plurinational State of Bolivia



Source: Plurinational State of Bolivia: *Información Estadística Renta Dignidad*.

Impact on the economy. The impact of social pensions on local development and formalization is well known. Before the introduction of the Renta Dignidad, there were many people of all ages without national personal identification Documents in rural areas. The registration campaign conducted by the programme reached members of households of all ages, including working-age people. The growing number of people with personal identification documents and the positive impacts of the social pension on local demand for goods and services in rural areas have contributed to the formalization of the rural economy.

19.4 What's next?

Bolivia has made significant efforts to universalize its social pension system. The Government is now focusing on improving the administrative and financial governance of the programme, improving the adequacy of benefits and creating complementary linkages with other social protection programmes. Next steps include:

- overcoming administrative issues to cover the remaining 10 per cent of older persons who are not yet part of Renta Dignidad;

- maintaining and improving financial governance in order to ensure the sustainability of the programme in the long run;
- exploring options for increasing the benefit level, which remains modest;
- continuing to strengthen the coordination mechanisms with other social protection programmes.

Bolivia's Renta Dignidad is a successful example of guaranteeing universal social protection for older persons. Such achievements would not have been possible without the strong political will and commitment of the Government to universalize the coverage of social pensions and secure financing sources for universal social protection policies.

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Universal old-age and disability pension

André F. Bongestabs

Summary

Despite being one of the youngest and poorest countries of the Asia and the Pacific region, Timor-Leste has offered a universal social pension to its senior citizens and persons with disabilities since 2008. Almost everyone over 60 and about one in five persons with disabilities participate in the scheme, which supports the well-being of beneficiaries and contributes to reducing overall poverty.

Timor-Leste's old-age and disability pension, the Pension for Older Persons and People with Disabilities (Subsídio de Apoio a Idosos e Inválidos or SAI), was the first scheme targeted at older persons and persons with disabilities to be introduced after the country gained independence. All citizens over 60 and all persons with disabilities over 18 are entitled to benefits of US\$30 per month. In its first year, the SAI covered more than 80 per cent of older persons, and by 2016 it covered 94,287 individuals.

The programme was introduced as one of the measures to improve social peace after violent conflicts in 2006 and remains the only old-age and disability pension scheme in the country for non-public servants.

Main lessons

- The experience of the SAI demonstrates that universal coverage is achievable in a short period of time, even in countries with little or no infrastructure and in the aftermath of conflicts.
- Universal pensions can act as a social stabilizer in conflict situations. The introduction of the SAI, together with other social provisions, is seen as an

important element in the prevention of further social unrest in Timor-Leste after 2007.

- In societies with a large number of persons living in each household, such as in Timor-Leste, this type of pension scheme can have significant impacts on the well-being of the whole family and has the potential for positive inter-generational impacts.
- The SAII has always been funded by the general government budget, demonstrating that universal social pensions are affordable even for countries with fragile economies and limited financial resources.

20.1 What does the system look like?

Timor-Leste is a young country, a large share of whose population lives in poverty and most of them are vulnerable. In the aftermath of the 2006 crisis, the Government of Timor-Leste established a set of cash transfer schemes, aiming to avoid future tensions and attend to the needs of the most vulnerable.¹ The first of these schemes was the SAII, a universal pension for persons with disabilities and persons over 60.

Within a short time, additional programmes were created, including benefits for veterans of the independence struggle and Bolsa da Mãe, a cash transfer for poor female-headed households with children. In 2012, the Transitory Social Security Scheme, a non-contributory old-age pension for public servants, was created as a temporary programme. A contributory social security scheme is expected to start operating for both the public and private sectors in 2017. Free health care and education have been provided to all citizens since the country's independence in 2002.

Despite the progress made since independence, poverty is widespread and people experience reduced labour productivity and capacity as they get older. In a country where about 70 per cent of the population lives in rural areas and many people are engaged in production of their own food, older persons (about 6 per cent of the population) and people with disabilities were chosen as priority groups given their vulnerable status. Before the establishment of the SAII, older persons

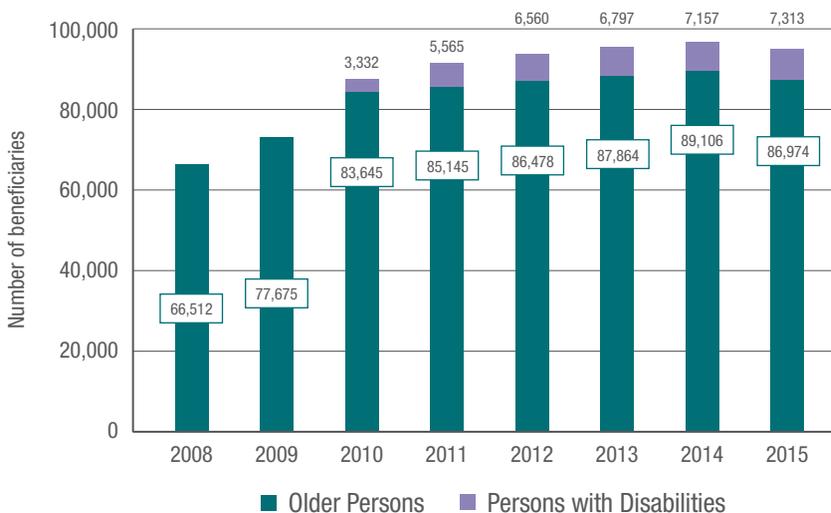
¹ The 2006 crisis was marked by riots and violence across the country as citizens took to the streets in their frustration with the apparent failure of the Government to deliver the advances promised at the time of independence in 2002.

and persons with disabilities were obliged to continue working or depended on their families for subsistence, as no programme provided support to this group after independence.² The first SAII payment was made in August 2008 and the scheme achieved substantial coverage among the elderly in its first year.

Coverage. As the SAII is a universal programme, all Timorese over 60 and all individuals over 18 who have a disability are eligible for its benefits, which it currently delivers to 94,287 individuals, including 86,974 older persons or 103 per cent of the target group and 7,313 people with disabilities or 18.2 per cent of the target group.³ Individuals living abroad are not eligible and beneficiaries must have been living in the country for at least one year prior to receiving benefits.

Figure 24 shows the evolution of coverage of the SAII through the years. Public servants do not receive SAII benefits but are covered by a higher benefit provided by the Transitory Social Security Scheme, which pays old-age pensions calculated based on the average lifelong income of the beneficiary. Currently, this programme covers 688 former public servants.

Figure 24. Number of beneficiaries of universal old-age and disability pension in Timor-Leste



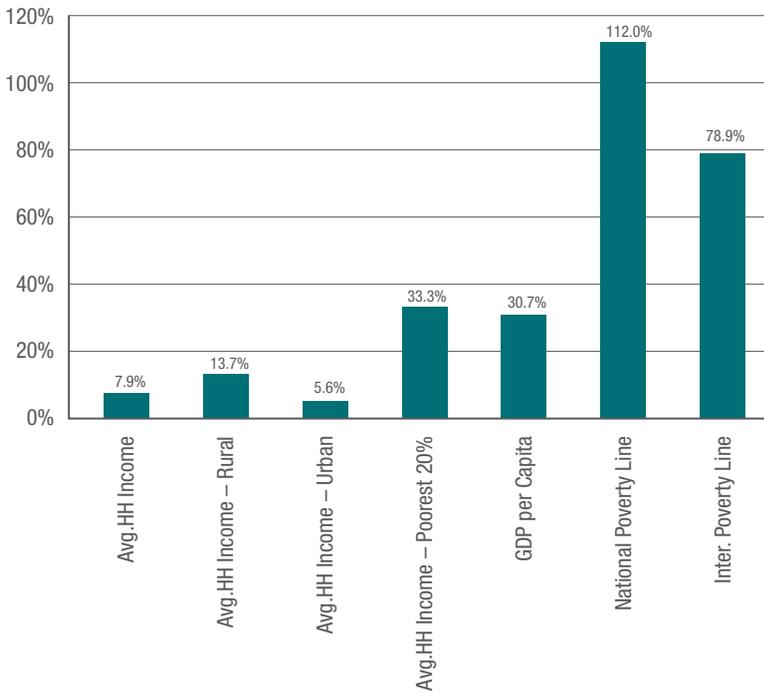
Source: Timor-Leste, Ministry of Social Solidarity.

² Any older persons and persons with disabilities who may have been covered under the previous Indonesian system lost their contributions to that system after independence.

³ Coverage exceeds 100 per cent due to some inclusion errors or underestimation of the number of people over 60 in projections based on the 2010 Census.

Benefits. The SAII benefit amount is the same for all beneficiaries. Its value is defined by official decree and is limited to one third of the minimum wage of civil servants. When launched in 2008, the SAII benefit was US\$20 per month; it was increased to its current value of US\$30 per month in 2010. The benefit is above the national poverty line but below the international poverty line, standing at 7.9 per cent of average household income in the country (see figure 25).

Figure 25. SAII benefits (US\$360 per year) in Timor-Leste as a share of various income indicators⁴



Source: Timor-Leste, Ministry of Social Solidarity and household income and expenditure survey, 2011; World Bank database; and author's calculations.

⁴ Average household income = US\$4,532.76 (2011); average rural household income = US\$2,624.52 (2011); average urban household income = US\$6,379.20 (2011); average household income of the poorest 20 per cent = US\$1,080 (2011); GDP per capita (non-oil) (2014) = US\$1,169; national poverty line = \$0.88 per capita per day; international poverty line = US\$1.25 per capita per day.

By law, benefits should be paid monthly by bank transfer or every three months in cases where payments are made directly. In practice, the lack of financial infrastructure, the difficulty in accessing isolated communities and limited resources for payment operations has resulted in payments being made twice per year.

Individuals receiving veteran benefits or benefits from the Transitory Social Security Scheme for public workers are entitled to the pension with the higher value. In addition, individuals committed to prison or government social institutions temporarily lose their benefits.

Financing. All current social protection programmes in Timor-Leste, including the SAI, are financed by the general national budget. Currently, the SAI budget of US\$30.6 million, along with US\$1.3 million for the Transitory Social Security Scheme, represents about 2.2 per cent of GDP (non-oil). This is slightly above the Asia and the Pacific regional average of 2.0 per cent but still below the global average of 3.3 per cent of global GDP. While global and regional figures include both contributory and non-contributory schemes, the current Timorese old-age pensions are exclusively tax-funded. Looking only at tax-funded pensions, Timor-Leste will likely be found in the higher end of investment in older persons globally.

Legal framework. Social protection is a right under article 56 of the Constitution of Timor-Leste, according to which “every citizen is entitled to social assistance and security in accordance with the law”. Articles 20 and 21 reinforce the right to protection for older persons and persons with disabilities.

The SAI was enacted in June 2008 by Law Decree No. 19/2008, which described, regulated and effectively created the programme. In August 2010, the Diploma Ministerial Conjunto/MSS/MF/2010 increased the value of the benefit.

Institutional arrangements. The Ministry of Social Solidarity is responsible for the SAI through the National Directorate of Non-Contributory Social Security. Registration in the programme is managed in partnership with the district and sub-district administrations (under the Ministry of State Administration) and payments are organized in cooperation with the Ministry of Finance and the National Bank. Local leaders (Suco chiefs) play a key role in the identification of beneficiaries and are responsible for confirming that each older person lives at the specified location.⁵

⁵ Sucos are the smallest administrative units in the State, comparable to a hamlet or small village.

When the creation of the Contributory Social Security Scheme has been approved by the Parliament, an independent institution will be created to manage and operate the new system. Once this occurs, the responsibility for administering the Transitory Social Security Scheme and the SAII will be transferred to the newly created National Institute of Social Security.

20.2 How was this achieved?

As mentioned before, the SAII was developed partly as a strategy to mitigate the risks of unrest and instability due to widespread poverty and vulnerabilities, and partly as a means to alleviate poverty. However, the creation of the universal pension scheme is grounded in the Constitution, which declares the right of all to social assistance and recognizes the extra attention that older persons and people with disabilities require. In addition, social assistance has been seen as an important tool for social stability from the first national development plan in 2002, which also anticipated the provision of support for older citizens and persons with disabilities, recognizing the vulnerabilities facing them.

In the first years after independence, the Government chose not to rely on financial benefits for social assistance but instead offered non-cash benefits to households, often in an ad hoc manner. After the conflicts of 2006-07, the approach to social protection changed as the national recovery strategy concentrated efforts in five areas: transitional shelter and housing; social protection; security and stability; local socio-economic development; and confidence-building/reconciliation activities. As a result, the above-mentioned set of social provisions was created to lower tensions and to promote social peace. The social protection package launched in 2008 included the SAII, veteran benefits and Bolsa da Mãe programmes. The rapid increase in beneficiaries and coverage led to large increases in social expenditures, from US\$109 million in 2008 to US\$160 million in 2012.

Overcoming constraints. For a country with such limited infrastructure, the rapid increase in pension coverage is an impressive feat. Currently, the SAII covers almost 87,000 older persons or 103 per cent of the population over 60 in Timor-Leste. However, coverage of persons with disabilities remains a challenge: it is estimated that there are about 40,000 persons living with physical or mental disabilities in the country and that the SAII reaches only 7,313 of them or about 18.2 per cent of the target population.

As noted above, the lack of financial infrastructure in the districts and the difficulties in accessing isolated communities result in payments being made only

twice per year. Two solutions for this are being developed: the first is to progressively require the use of bank accounts to receive benefits (currently limited due to fragile banking infrastructure in the districts) and the second is to use mobile units for payments. The mobile payment system – currently running on a pilot basis – is designed for beneficiaries with mobility problems or who are sick.

Other issues arise from problems with documents and the identification of beneficiaries. Many Timor-Leste citizens do not have identity documents. Among those who do, the most common identity document is the electoral card. This creates three challenges. The first challenge is to identify those who do not have any documents; many people do not have documents either because they have never had them or because they were lost during displacement due to conflicts. The Suco chiefs often intervene in these cases to attest an applicant's identity. The second challenge is that electoral cards are easily falsified, leading to cases of fraud, which may partly explain the coverage of older persons being estimated above 100 per cent. The third challenge is that the lack of documentation extends to death certificates, which are often not issued; thus, payments may still be made to family members of beneficiaries whose deaths have not been reported.

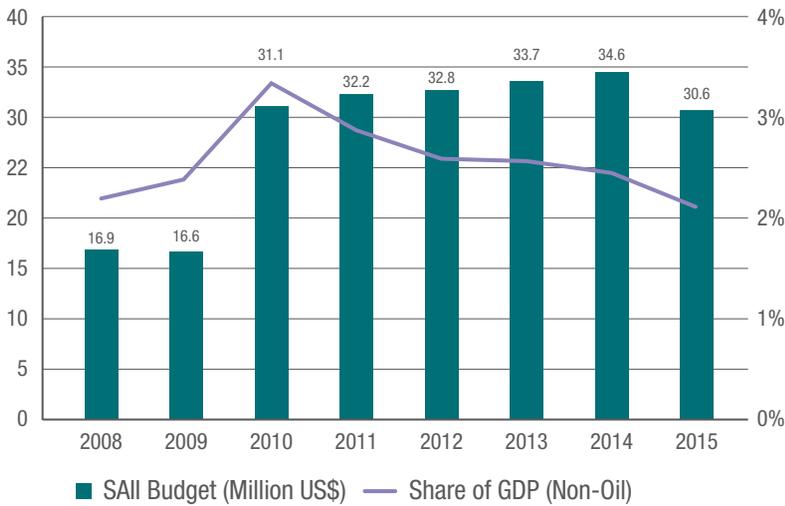
Improving coverage among people with disabilities goes beyond the improvement of identifying and registering beneficiaries. Families are often ashamed of having a member with a disability and thus hide them from outsiders, including social workers and survey collectors. For coverage among this group to increase, people with disabilities need to be perceived as individuals with the same rights and needs as everyone else. In this sense, the Government is investing in raising awareness and social inclusion of persons with disabilities.

In addition, despite the high coverage of older people, the value of the benefit paid has not been adjusted since 2010. Inflation during this period has reduced the purchasing power of the transfer and has likely reduced the impact of the programme. Indexation mechanisms could be adopted to help guarantee that the pension remains at an adequate level to support older persons and people with disabilities in their subsistence.

20.3 What is the main impact on people's lives?

Outcomes. The old-age pension achieved universal coverage at an early stage and continues to maintain high coverage rates. There are few studies on the effective impacts of the pension. However, a 2011 simulation estimated that the

Figure 26. SAII budget evolution, Timor-Leste, 2008-15



Source: Timor-Leste, Ministry of Social Solidarity, Directorate for Social Security; World Bank database.

SAII reduced national poverty from 54 to 49 per cent and poverty among older persons from 55.1 to 37.6 per cent.⁶ For persons with disabilities, reduction in the poverty headcount was 17.5 per cent, from 63.3 to 45.8 per cent.

Impact on people’s lives. Although older persons over 60 represent only 6 per cent of the population, almost one in three households have an older person in residence. Information on the use of SAII benefits shows that recipients spend most of the transfer (88.4 per cent of the benefit value) on food items, followed by frequent expenditures on education (28.1 per cent of recipients), showing that inter-generational transfers are common. Other uses of the benefit include health care (13.4 per cent) and purchase of livestock or other assets (6.4 per cent). The use of the benefits shows that older persons contribute to overall household economies and invest a significant share of their resources into improving household earning capacity.

Sustainability of the system. The cost of the SAII has varied from US\$30 to US\$35 million in the last few years, just over 2 per cent of non-oil GDP. This will most likely change in the future since life expectancy is increasing rapidly in

⁶ In relation to the international poverty line of US\$1.25 per capita per day.

Timor-Leste, rising from 60.2 in 2001 to 68.2 in 2014. Thus, more beneficiaries will receive the transfers and for longer periods of time. However, the creation of a non-cumulative contributory old-age pension scheme will result in broader coverage than the Transitory Social Security Scheme, which will reduce the number of people depending on the SAI. Nonetheless, the dependency ratios of older persons will remain low for many decades to come since the Timorese birth rate remains one of the highest in the world.

20.4 What's next?

Plenty of challenges remain to improve the reach and effectiveness of the SAI. In order to learn more about its impact, an evaluation study is being developed. This will bring to light the true impact of the SAI and ways in which its operations and benefits can be improved. In parallel, efforts to improve the registration and payment systems and to raise awareness among the Timorese people to increase coverage of the disability pension are at the top of the agenda of the Ministry of Social Solidarity.

These improvements will, unquestionably, help the SAI to overcome some of its limitations; however, it is important to highlight the achievements the SAI has had so far. Even in places with little or no infrastructure, it is possible to reach most of the eligible people. Moreover, the Timorese experience shows that universal social protection programmes are affordable and can have significant impacts on the lives of the beneficiaries and their families.

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Universal Pensions

Fabio Durán-Valverde and Joana Borges

Summary

Cabo Verde has given social protection a high priority on the road to development, demonstrating a way to combine growth with equity in a context of scarce resources. The country is now one of the most advanced nations in Africa in terms of establishing a social protection floor.

Cabo Verde took two major steps towards a universal pension system: the creation of the National Centre of Social Pensions (CNPS) in 2006 and the unification of pre-existing non-contributory pension programmes. This unified scheme guarantees basic income security for persons over 60, the disabled and children with disabilities living in poor families.

Social pensions in Cabo Verde have reduced the level of poverty and vulnerability of its target population. It is also a concrete step in the direction of establishing a more comprehensive social protection floor.

The social pension covers about 46 per cent of the population 60 and over and the value of the benefit is 20 per cent higher than the poverty line.

Main lessons

- The case of Cabo Verde shows that rapid progress towards the universalization of pension systems is feasible and affordable in developing countries. Strong commitment by the Government is a key ingredient.
- The rapid expansion of pension coverage was achieved by combining contributory and non-contributory programmes.
- The creation of a specialized management institution - the CNPS - is a critical factor in the unification of existing programmes and keeping the strategy on-track.

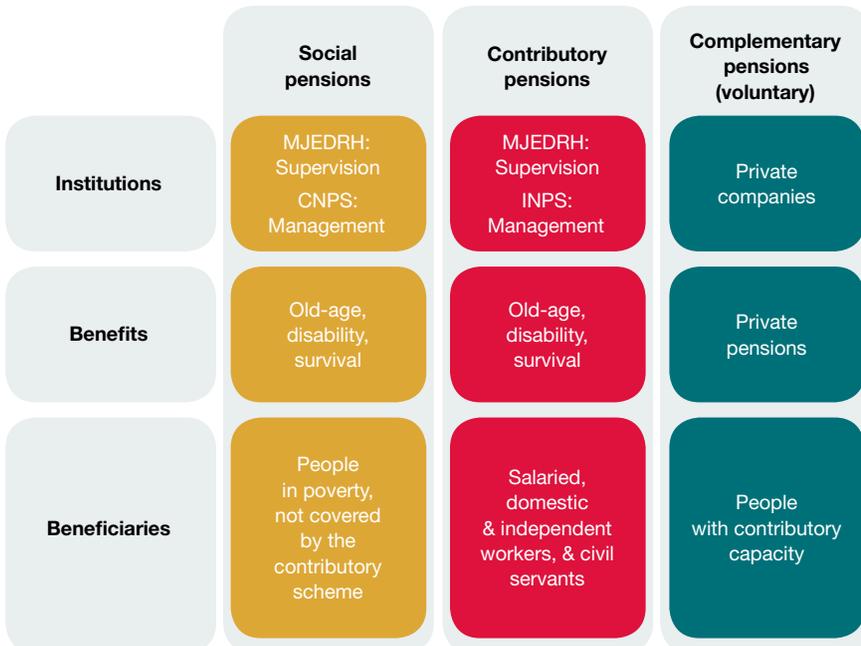
- Sharing existing infrastructure with other social protection programmes and institutions (post office services, local governments and organizations and the private sector) allows pension schemes to cover more people and save costs.
- The use of information technology further enables transparent, accountable and sound management by creating linkages between databases for cross-checking data and reducing duplicates.

21.1 What does the system look like?

Cabo Verde’s social protection pension system is the responsibility of the Ministry of Youth, Employment and Human Resources Development and includes three schemes: the non-contributory scheme (social pensions), the mandatory pension scheme that covers both salaried workers and independent workers, and the complementary pension scheme.

The social pensions are managed by the CNPS. The contributory pensions are managed by the National Institute of Social Security (INPS).

Figure 27. Structure of Cabo Verde’s pension system



Benefit packages. Beneficiaries of social pensions, including the elderly, children and other people with disabilities, are entitled to receive a monthly payment of 5,000 Cabo Verdean Escudos (CVE) or about US\$65.

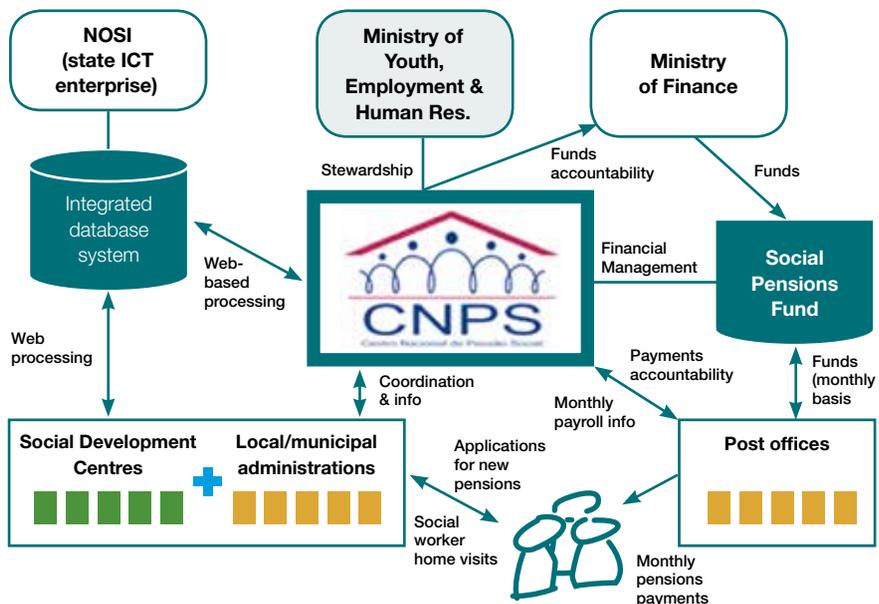
The pensioners also benefit from the Mutual Health Fund, which was established to subsidize the purchase of medicines from private pharmacies up to an annual ceiling of CVE2,500 and also provides a funeral allowance of CVE7,000.

Financing. The social pensions cost nearly 0.4 per cent of GDP and are fully financed from the general state budget, whereas the Mutual Health Fund is financed from beneficiaries' monthly contributions of CVE100 per pensioner (2 per cent of the social pension payment's current value).

Legal framework. The CNPS, created in 2006, manages the social pensions in an autonomous manner. To qualify for the social pension for older persons, applicants must be resident in Cabo Verde, be 60 years old or above, have an income below the national official poverty line (CVE4,123 in 2007) and not be covered by any other social security scheme.

Institutional arrangements for delivery. Social pensions are managed by the CNPS and paid through local post offices every month. The process of claiming the pension starts locally, either through the intervention of local development

Figure 28. Organization of Cabo Verde's social pension system



centres or municipal governments. Applicants for social pensions must complete a form for identification and selection of beneficiaries and provide some basic documentation. Conditions for selection are verified by a social worker through a visit to the domicile of the applicant. The process finishes at the CNPS headquarters with the selection of the beneficiaries. In order to introduce more transparency and enhance governance, a web-based application was implemented to manage all the processes and procedures, thus creating an integrated and consistent database. All functions related to software development, databases and communications are supported by NOSI, a state company that centrally manages the information and communications technology (ICT) of state institutions. This feature has allowed for significant progress in integrating the CNPS databases with those of other social protection programmes run on the different islands that comprise the country.

21.2 How was this major breakthrough achieved?

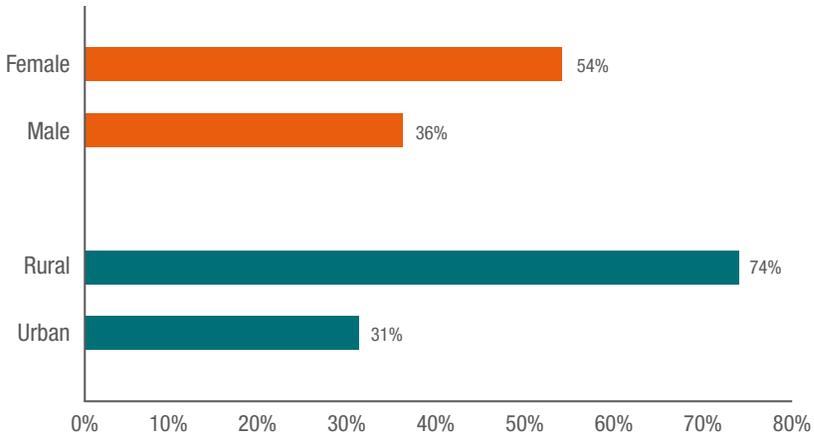
The CNPS was created in 2006 by merging two pre-existing non-contributory pension schemes. One of the main justifications for the creation of the CNPS was to reduce institutional dispersion in order to increase efficiency. In less than 10 years, the social pension almost doubled its coverage by reaching out to women and people in rural areas. Considerable progress has been made in terms of administration improvements since the creation of the CNPS.

21.3 What are the main results in terms of impact on people's lives?

Outcomes. Cabo Verde is close to universalizing its pension system. Considering both the contributory and the non-contributory coverage, it is estimated that over 90 per cent of older persons receive a pension. According to the CNPS, the percentage of the population over 60 covered by a non-contributory pension reached 46 per cent in 2010, among the highest level in sub-Saharan Africa. In rural areas, nearly 74 per cent of the population over 60 are protected by social pensions. The performance of the CNPS is efficient: administrative costs are estimated at only 1.4 per cent of benefits.

Impacts on people's lives. In terms of coverage, the social pensions have achieved their target. In 2013, more than 84 per cent of the pensioners were

Figure 29. Coverage rates of social pensions in Cabo Verde as a percentage of the population over 60



Source: Estimates for 2010 based on CNPS reports.

60 or over and 69 per cent were women. A large share of beneficiaries comprises women living in rural areas, one of the most vulnerable groups in Cabo Verde.

The amount of the monthly social pension (CVE5,000) represents about 22 per cent of per capita GDP and is 20 per cent above the poverty line. In other words, the value of the pension is sufficient for a person to cease to be in poverty.

21.4 What's next?

Cabo Verde has made significant efforts to extend its social pension system and to establish and consolidate its institutional capacity. There are still many challenges to face in order to achieve higher levels of effectiveness and efficiency, including:

- (a) Continuing to reinforce the linkages between contributory and non-contributory schemes in the areas of the administration, financing and delivery of services and tools;
- (b) Continuing to improve ICT and the administrative processes of identification, eligibility, payment of benefits, monitoring and evaluation. The ideal scenario would be for all institutions managing social protection benefits to use a single system to perform all those different functions.

21.5 Final remarks

Cape Verde has moved rapidly towards the universalization of its pension system and providing adequate old-age benefits. Some critical elements that explain this achievement are a strong political will to finance social protection; the combined benefits of contributory and non-contributory instruments; the unification of previously existing programmes and their consolidation into a single specialized institution; the intensive and effective use of information technology; and the importance given to administrative modernization.

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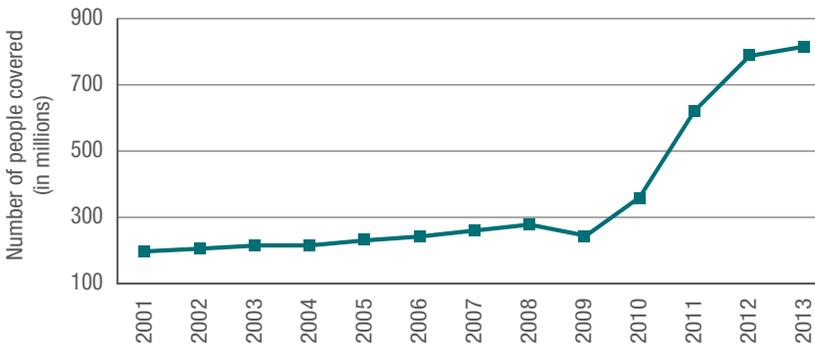
Rapid expansion towards universal pension coverage

Aidi Hu

Summary

Between 2009 and 2013, China tripled the number of people covered by the old-age pension system, making impressive progress in achieving its goal of universal coverage by 2020.

Figure 30. Expansion of old-age pension coverage in China from 2001 to 2013



Source: China, annual statistical bulletins on human resources and social security development, 2001-2013.

Main lessons

- The Chinese experience shows that universality can be achieved by combining contributory schemes and non-contributory social pensions, in line with the ILO Social Protection Floors Recommendation, 2012 (No. 202).

- Extending pension coverage to all citizens within a very short period is feasible.
- Political will and government commitment are both essential. In particular, increasing government expenditure is indispensable for covering vulnerable groups that have no or limited capacity to pay contributions.
- Universal pensions, as part of social protection floors, increase domestic consumption and demand and promote human development and social stability, all of which are fundamental to national development and economic growth.

22.1 What does the pension system look like?

Overall structure. The current state pension system consists of three schemes: (a) an urban workers' pension, (b) a civil servants' pension and (c) a residents' pension for those rural and urban residents not covered under the first two schemes.

Benefits and financing. Upon retirement, urban workers receive a state pension consisting of two components: a solidarity component financed by employers' contributions (about 20 per cent of payroll) and an individual pension component calculated on the basis of a worker's accumulated contributions, where contributions are 8 per cent of a worker's reference income. The urban workers' pension scheme consists of hundreds of sub-schemes run independently by local authorities, with some sub-schemes in surplus and others in deficit. To secure full and on-time payments of current pensions, the Government supplements many of these sub-schemes.

Until October 2014, retired civil servants received a single state pension based on their pre-retirement salaries and the number of years of service, which was paid directly out of the government unit budgets. The scheme is currently being converted into a social insurance pension with two components similar to the urban workers' pension: a solidarity component funded by employers' contributions and an individual pension component funded by employees' contributions. It remains to be seen whether this will become a single nationwide scheme.

The residents' pension also consists of two components: the solidarity component is entirely financed by the Government, while the individual pension component is financed by the contributions of the insured and some government

subsidies. However, most of the current generation of pensioners only receive the solidarity component as they had already exceeded the pensionable age when the scheme was introduced. Unlike the other two schemes, participation in the residents' pension is voluntary and it is also composed of many independent, locally run sub-schemes.

Legal framework. The legal framework of the pension system may be depicted as follows:

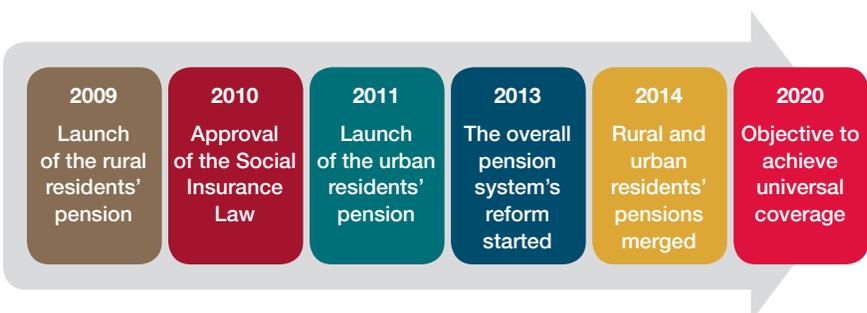
1	Constitution of the PRC (current version adopted in 1982)
2	Social Insurance Law (2010) and Labour Law (1995)
3	National Administrative Regulations
4	Ministerial Rules
5	Local Administrative Rules
6	Other Legal Provisions

Institutional arrangements for delivery. The pension schemes are managed by local social insurance institutions. Contributions are collected by social insurance agencies or tax authorities. Pensions are paid directly to beneficiaries' designated bank accounts.

22.2 How was this major breakthrough achieved?

Landmarks.

The following events mark the extension of pension coverage since 2009:



Strong political will. Extending old age pensions to all was driven by a strong commitment to reduce poverty and inequality and to sustain economic development. Taking the rural pension as a concrete example, the 16th and 17th National Congresses of the Communist Party called for the development of an old-age pension for the rural population in 2002 and 2006, respectively. In 2009, the Government issued guidelines and launched a rural pension scheme with the aim of covering the entire rural population by 2020. It merged with the urban residents' pension in 2014 to form the residents' pension scheme. The other pension systems benefited from similar political support.

Administrative and social support. Progress towards universal coverage has also been the result of strong leadership by the central Government and active development of new programme initiatives by local governments. Effective innovative initiatives were often taken up as national policy and implemented across the country. Also, the All China Federation of Trade Unions played an important role in the extension of pension coverage.

Fiscal support. All three pension schemes benefit from public subsidies. With regards to the residents' pension, a large proportion of its total pension expenditures is supported by government contributions; revenue sources for the residents' pension in 2013 are illustrated in figure 31.

Figure 31. Sources of contributions to the state pension system in China



Source: China, ASB 2013.

22.3 What are the main developmental results and impact on people's lives?

To build a harmonious society is one of the core objectives of the Government. The Twelfth Five-Year Plan (2011-15) also aimed to increase aggregate demand by a number of measures, such as more public spending on social protection

and public services, higher minimum wages and reducing the savings rate of households.

Impact on people's lives. By the end of 2013, about 80 per cent of the population of working age and above, regardless of their employment and contribution histories, were covered under the pension system (China, 2013a). Civil servants have long enjoyed relatively high benefit levels. The benefits paid under the workers' pension have steadily increased at an annual rate of 10 per cent over the last 11 years, generally ensuring a decent life for these pensioners (Wen, 2014). Although the residents' pension benefit level is still far from adequate, it undoubtedly helps many older people who live in vulnerable conditions.

Impact on the economy. The increases in both the pension coverage and benefit levels have enhanced the purchasing power of people in old age. Since pensioners represent a large and growing component of Chinese society, domestic consumption and markets targeting older persons – such as customized foods, clothing, health care, medicine and tourism – have rapidly developed and expanded, forming new opportunities for domestic economic development (China Consumers' Association, 2013). In addition, household precautionary savings are expected to reduce due to income security and health care, supporting demand and thus economic growth.

22.4 Next steps

The Government is continuing the expansion of pensions and further improving the system's adequacy, sustainably and equity.

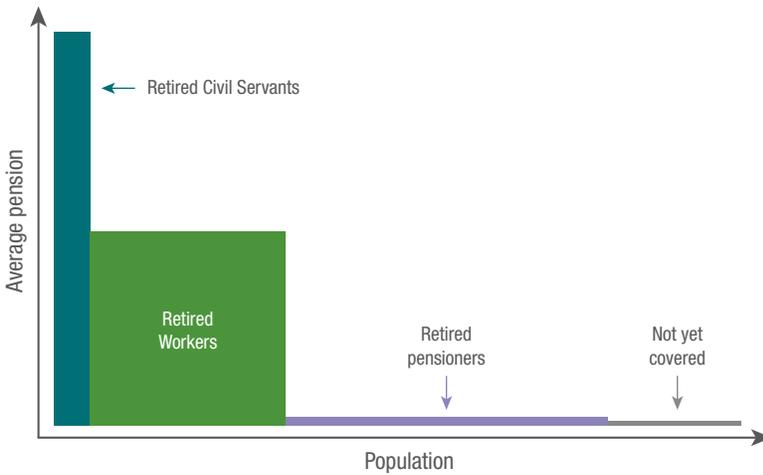
Benefit adequacy. In particular, there are concerns about the low level of benefits paid to 130.7 million pensioners under the residents' pension. On average, the benefits paid represent less than 11 per cent of average income per capita in rural areas in 2012 (China, 2012 and 2013b), much lower than the minimum standard set in the Social Security (Minimum Standards) Convention, 1952 (No. 102).

Sustainability. China's economic growth, measured at about 10 per cent annually for three decades, has slowed recently to just over 7 per cent. At the same time, the ageing of China's population is accelerating as a result of baby booms in the 1950s and 1960s, the implementation of the one child policy as of the 1980s and constant improvements in life expectancy. Although China has significant fiscal space for social protection, it is contemplating and developing

policy measures to ensure the long-term economic sustainability of the pension system, such as increasing the pensionable age.

Equity. Benefit level disparities exist among and within the three pension schemes. As illustrated in figure 32, the ratio of average benefits in 2013 was estimated at 100:51:2 among the civil servants' pension, the retired workers' pension and the residents' pension, respectively.

Figure 32. Ratio of average pension benefits in China



Sources: Based on ILO estimates and China, 2013.

Within the workers' pension scheme, there are regional disparities in the pension replacement rates. For instance, in 2012 the average replacement rate was 70.5 per cent in Shandong but only 43.2 per cent in Chongqing (Zheng, 2013).

Overall, the phenomenal progress in expanding pension coverage is being continued, fast-tracking universal pension coverage by 2020, in line with Recommendation No. 202.

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Older Person's Grant

Johan Strijdom, Oumar Diop and Thea Westphal

Summary

South Africa is ranked as an upper-middle income country but characterized by high incidences of poverty and inequality. The Gini coefficient stands at 0.77 without considering the impact of the Older Person's Grant (OPG). Furthermore, interracial inequality is high: the black and white populations had a mean per capita monthly income in 2008 of 934 South African rand (ZAR) (US\$76.9) and ZAR7,641 (US\$614.3), respectively.

South Africa has a long history as a welfare state. Since the end of the apartheid era in 1994, the social protection system has played a crucial role in combating poverty and inequality. It is also the first African country to introduce a social pension for older persons. The OPG is an income-tested grant provided to people above 60 years of age and varying between ZAR1,500 (US\$112) and ZAR1,520 (US\$114) per month. It is estimated that the OPG and other social grants mitigates the high levels of inequality in society by lowering the Gini coefficient from 0.77 (without grants) to 0.69 (with grants) (Organisation for Economic Co-operation and Development (OECD), 2015).

Main lessons

- South Africa has demonstrated that extending social protection to older persons is feasible and affordable for middle-income countries.
- In particular, political will and commitment are essential to increase public social protection expenditures. Today, South Africa redistributes roughly 3.5 per cent of its GDP through social assistance programmes.
- Along with other grants, the OPG is one of the most important tools for poverty reduction in the country. This is evidenced by the reduction in pov-

erty incidence among older persons from 55.6 per cent in 2006 to 36.2 per cent in 2011.

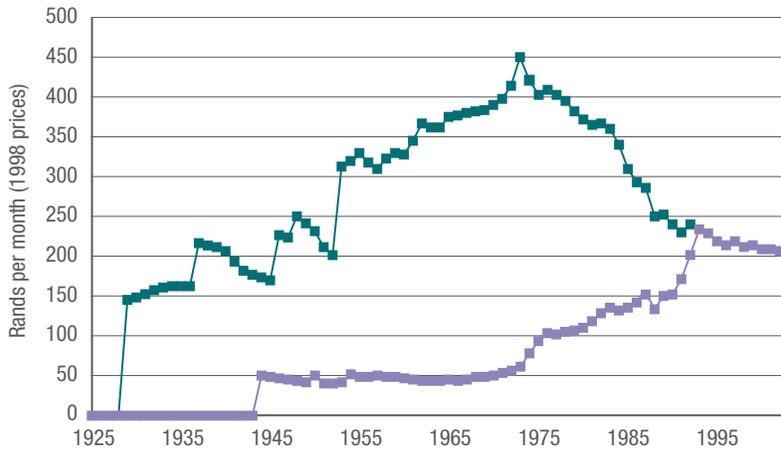
- The OPG also promotes gender equality (eligibility ages for males and females were harmonized in 2011) and addresses interracial disparity through a gradual harmonization of the benefit amounts for different racial groups.
- The creation of a specialized institution, the South African Social Security Agency (SASSA), made the delivery of social grants transparent and independent of political considerations.
- South Africa uses an integrated system for grant delivery and monitoring and evaluation, which helps to continuously improve delivery. The biometric identification of beneficiaries limits opportunities for identity theft.

23.1 How was the OPG developed?

Means-tested social pensions were introduced in 1928. Originally, a social pension existed primarily for white male workers who had no access to occupational pensions and mixed-race women over 60 years of age. In 1982, trade unions were formed to represent and advocate the rights of African workers. The unions succeeded in advocating the expansion of the Older Person's Grant to Africans and the amount of the grant was gradually harmonized for different racial groups with a view to achieve parity. During the 1980s, the pension for the black population was increasingly raised while that for the white minority was decreased. By 1992, the means test was equalized for everyone regardless of race, which led to an increase of the income threshold for the black population.

The design of South Africa's OPG has changed significantly in the last decade. Two changes have significantly contributed to achieving social protection for all. First, when introduced in 1928, the OPG entitled all white men older than 65 years and mixed-race women over 60 years of age to an old-age grant. Over time, OPG was expanded to the rest of the population – including all citizens, permanent residents and refugees with legal status – and the eligibility age for men and women was equalized to 60 years in 2011. Second, the grant is delivered based on criteria defined by the Department of Social Development (DSD) and applied by SASSA to ensure that decisions are transparent and replicable. The DSD is responsible for policy formulation and implementation support, while SASSA is an entity within the DSD that administers social grants.

Figure 33. Maximum OPG paid to South African black and white pensioners, 1925-2000



Source: Seekings and Natrass (2005).

23.2 What does the OPG look like?

Benefits and coverage. The OPG is an income-tested, monthly payment of ZAR1,500 (US\$112) for persons aged 60-75 years and ZAR1,520 (US\$114) for those above 75 years. It is paid to about 3 million older persons in South Africa, reaching up to 100 per cent coverage in some jurisdictions. The OPG is given to citizens, permanent residents and refugees with legal status. Applicants must provide information about their income and financial assets for the means test. If a grant needs to be reviewed, additional documentation is required, including greater details on reported income and a life certificate to prove that the beneficiary is still alive. SASSA conducts the review and must notify beneficiaries three months prior to the review. In cases where payments are made electronically, the review automatically takes place once a year.

Geographic variations in coverage are mostly due to income differences between regions. The highest effective coverage rates are found in the metropolitan region of Johannesburg and Pretoria.

Operational arrangements. With the establishment of SASSA in 2006, delivery of the OPG has improved significantly as the scheme is now underpinned

by coherent and transparent guidelines. Biometric identification is used at pay points to mitigate risks such as theft of the personal identification number (PIN) and identity theft. At the time of enrolment, beneficiaries provide their photograph, fingerprints and voice recordings in English or any of seven vernacular languages. This information is saved in the database of the payment operator and a SASSA-branded MasterCard is given to each beneficiary, which serves as the identity and payment card. Voice verification is offered as an alternative to certify beneficiaries who use PIN code identification and at points where no fingerprint scanners are available.

SASSA contracts Cash Payment Services (CPS) to disburse the social grants nationwide. The CPS works in partnership with Grindrod Bank, which issues bank cards to beneficiaries. The account is free of monthly charges and allows full access to traditional banking services, including ATMs, electronic fund transfers and point of sale transactions. SASSA cardholders can also complete transactions offline where there is no formal banking infrastructure. Every payment channel requires beneficiaries to be identified through their SASSA card, which can only be done through successful biometric identification. Beneficiaries who use a PIN are identified through the PIN code and voice recordings. In this way, payment remains secure and beneficiaries' identities can be verified even when there are no fingerprint scanners.

SASSA delivers benefits through fully equipped and well-staffed mobile units as part of its Integrated Community Registration Outreach Programme (ICROP), which facilitates beneficiary enrolment and registration, issues smart cards, maintains an online database, raises awareness, provides access to pay points, and conducts home visits by medical staff and social workers to ensure that individuals who are unable to go to the hospital or leave their homes – due to disability or sickness – have access to services and benefits.

Payment channels. Three different payment channels exist, all of which use the SASSA card. The first channel is payment via SASSA pay point areas, where the payment provider, the CPS, sets up mobile automated teller machines (ATMs). The second channel is payment into Grindrod bank accounts. The third channel is payment at institutions, such as old persons' homes, on a fixed date, when beneficiaries must authenticate their identity with their SASSA card. Payment dates vary and are released only a short time in advance to prevent robberies of the trucks transporting payments. Armed security guards are present at pay point areas.

23.3 What are the main impacts on people's lives?

Recipients of the OPG share their pensions within households. Estimates indicate that one grant reaches up to six persons in a recipient's household. Family structures in South Africa are fluid and often multigenerational rather than nuclear, which is largely due to segregation policies of the apartheid era and high HIV/AIDS prevalence. An HIV/AIDS prevalence rate of 18 per cent among the working age population leads to a large number of people with chronic illnesses and disabilities. Older persons often raise their grandchildren because the parents may have died from HIV/AIDS-related illnesses. In such circumstances, the grants serve as a reliable source of income and are shared within large households. Compared to non-recipient households, households that receive the OPG have a higher share of expenditure on food and education.

Research has shown that there is a positive correlation between living in a household with an OPG recipient and finding employment. Women in the 20-30 age group in recipient households are up to 15 per cent more likely to be employed and 9 per cent more likely to participate in the labour force than those in non-recipient households. Recipient households are more likely to experience positive health outcomes for children, especially girls, including better height-for-age and weight-for-height.

23.4 What's next?

South Africa has come a long way since the end of the apartheid era in 1994. Today, its social protection system is one of the most comprehensive in the region. While the OPG is currently a means-tested benefit, the DSD plans to universalize the grant. Different models have been financially assessed since 2013 and tripartite consultations with stakeholders and representative bodies have been carried out to choose the most suitable policy option. Universalization of the OPG is a priority in South Africa because it is more accepted politically than universalization of other grants. Older persons still suffer from the long-term effects of apartheid and are often perceived as being needier than other groups.

South Africa is considering introducing a mandatory contributory social insurance scheme that provides pension, death and disability benefits. This will help to provide adequate and affordable benefits, pool risks across the labour force and achieve social solidarity, complementing both non-contributory social assistance and private insurance.

Another gap in South Africa's existing social protection system is the lack of income support for unemployed persons of working age, i.e. between 19 and 59 years old. This may result in the redistribution of the OPG and other grants to unemployed members of beneficiary households, thereby reducing the positive impact on intended beneficiaries and creating implicit subsidies for unemployed persons without a defined strategy or scheme to provide protection.

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Universal social pension for an ageing population

James Canonge and Loveleen De

Summary

In 2009, Thailand succeeded in expanding pensions for older persons through the implementation of a non-contributory old-age allowance.

Until recently, Thailand's pension system included several contributory schemes for government officials, private sector employees and informal economy workers. However, coverage of the latter group was very limited and overall, only 20 per cent of older persons had access to some level of protection.

In the face of an ageing population and a large informal sector, the country sought new ways to protect older persons without coverage. In 2009, a non-contributory old-age allowance was introduced and Thailand reached universal coverage soon afterwards.

Main lessons

- In a country with a rapidly ageing population, a large informal sector and a relatively high incidence of poverty among older persons, a non-contributory pension can go a long way towards reaching those who do not have access to any social protection in old age.
- Ineffective targeting procedures previously prevented needy as well as eligible older persons from receiving a pension. A universal scheme introduced in 2009 resulted in more than 5.5 million new beneficiaries by 2013.
- Poverty among the elderly has fallen, which can largely be attributed to increased pension coverage. Increasing and indexing benefits, as well as

strengthening the legal and financial foundations of the scheme, could further strengthen its impacts.

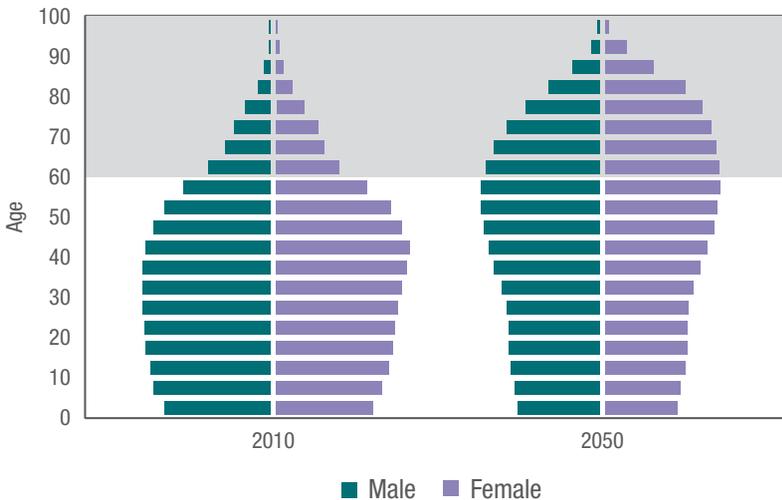
- Even though benefit levels have increased steadily over time, the pension still does not provide adequate protection. The non-contributory allowance can be complemented by additional schemes, such as the recently established National Savings Fund, which strives to provide more comprehensive old-age protection.¹

24.1 An ageing population with low pension coverage

While much of South-East Asia is characterized by a relatively youthful populations, Thailand is ageing rapidly. Older persons will make up nearly one third of the total population by 2050, as shown in figure 34.

In 2010, the population aged 60 and over is expected to surpass the number of children for the first time in Thailand’s history.² Yet, until 2009, no more than 20 per cent received any form of old-age pension, often despite decades of hard work.

Figure 34. Population distribution in Thailand by age group and sex, 2010 and 2050



Source: UN Population Division (July 2012).

¹ As the Fund was launched only in 2015, it is too early to assess the effectiveness of the scheme.

² Children are defined as persons under 15.

Thailand's pension system has continuously developed over the years and includes various schemes for government officials, private sector employees and informal economy workers. Depending on the number of years of contribution, government officials receive a lump-sum payment or a pension under the Pension for Civil Servants Act, 1951. In addition, they may draw on the Government Pension Fund, which provides a lump-sum payment upon retirement.

Depending on the duration of contributions, private sector employees may receive a monthly pension or a lump-sum payment under the Social Security Act, 1990 (section 33). Private sector employees may also contribute to a provident fund that gives a lump-sum payment upon retirement. Those who were previously insured under section 33 and cease their employment may continue to be insured under section 39. The contributions and benefits are based on a reference income of 4,800 Thai baht (THB), which is less than the minimum wage.

Workers in the informal economy may choose to contribute to one of two options under the Social Security Act (section 40). The first option does not provide any retirement benefits, while the second option provides a lump-sum old-age benefit. At the end of 2010, only 84 individuals were insured under section 40 (Thailand, 2016).

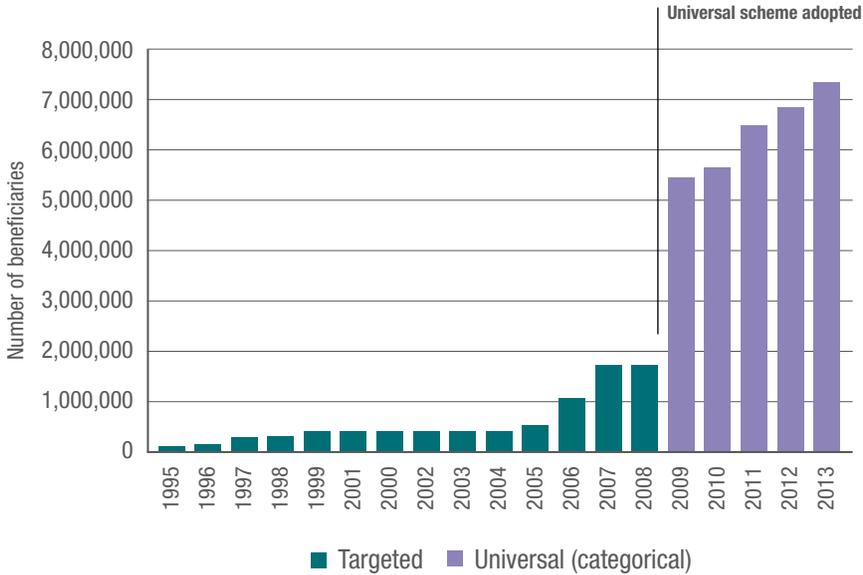
24.2 A need for a non-contributory old-age allowance

Previously, there was a large gap in protection for informal sector workers. Even retirees from the formal sector lacked access to a pension because the contributory scheme was still young and the minimum number of years of contribution had not been met. These factors influenced the development of an old-age allowance for the “underprivileged elderly” or persons at least 60 years old who lack income to meet necessary expenses, or who are unable to work, have been abandoned or have no caregivers.

The old-age allowance was designed at the national level but was implemented through local authorities who were responsible for overseeing the scheme, selecting beneficiaries and paying benefits. However, local authorities differed widely in their interpretation of national guidelines and application of eligibility criteria. There was some abuse and leakage in addition to the exclusion of more than 50 per cent of the underprivileged elderly (Suwanrada and Dharmapriya, 2012, p. 158).

When launched in 1993, the allowance reached just 20,000 individuals. Reforms of the targeting methodology were carried out in 1995 and 2002 and again in

Figure 35. Expansion of the old-age allowance in Thailand, 1995 to 2013



Source: ILO, UNDP (2011).

2005, which resulted in the increased representation of elderly advocates and local community members on the local committees in charge of selection and disbursement processes. As a result of those reforms and increased budget allocations, the number of beneficiaries has increased steadily in the years that followed. Nonetheless, many eligible beneficiaries remained outside pension coverage until the Government dropped ineffective targeting procedures altogether in 2009, when coverage significantly increased.

24.3 A window for universal pensions

In April 2008, Thailand’s government opted to implement the old-age allowance as a universal scheme as one part of its stimulus package to mitigate the global economic crisis and accelerate recovery. All individuals aged 60 and above residing outside of public elderly facilities and without access to regular pension payments became eligible for the benefit. As a result, coverage expanded remarkably.

Under the universal scheme, the supervision of the allowance is centralized under the Department of Social Development and Welfare with local bodies responsible for registering “residential inhabitants”, a status required to receive the old-age allowance, and for distributing payments collected in person.

Registration happens once each year. Registrants can either appear in person at their local authority’s office or sign up at a roving mobile registration unit. Payments are then either collected in person at the local authority’s office or deposited directly into a bank account. Beneficiaries may also designate another individual to receive the benefits for them.

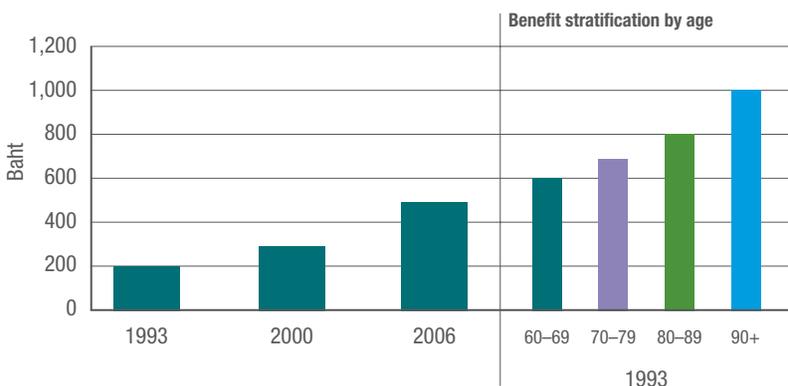
The universal old-age allowance serves as the first and only form of pension for many of those working in the informal economy. It is also a complementary source of income for retirees from the formal sector.

Simultaneously, the Government started to provide a matching contribution under the Social Security Act, section 40. This contributed to increasing membership of the voluntary social insurance to 2.4 million by the end of 2014.

24.4 What’s next?

Since its introduction in 1993, the old-age allowance increased steadily from THB200 per month in 1993 to a maximum of THB1,000 in 2012, as seen in figure 36. The adoption of a tiered methodology in 2012 recognizes greater need for income support as people grow older, due to the reduced capacity to work and increased health and long-term care needs.

Figure 36. Evolution of the old-age benefit in Thailand, 1993-2013



Source: ILO and UNDP (2011).

While the extension of coverage and expansion of benefits has made discernible improvements in the lives of Thailand's older persons, the pension amount remains far below the poverty line of THB2,647 per month in 2014 and the minimum wage of THB300 per day. Indexation of pension benefits to the consumer price index, a percentage of the minimum wage or another benchmark could help ensure adequate income security for older persons.

In 2009, Thailand amended its Elderly Act to include the universal old-age allowance in national legislation. However, stipulations for setting benefit levels exist only in ministerial decrees, leaving it vulnerable to fiscal and political pressures.

For about 30 million informal economy workers who are not members of the Government Pension Fund or Social Security Office pension scheme, the Government aims to reduce the income parity gap through the National Savings Fund, which launched operations in 2015. Workers can contribute THB50-13,200 per year to receive a monthly pension of up to THB7,000 upon retirement.

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Disability grant

Johan Strijdom, Oumar Diop and Thea Westphal

Summary

According to its 2011 census, 2.87 million people in South Africa, or 7.5 per cent of the population, lives with a disability. It is one of the only countries in sub-Saharan Africa to provide an allowance for persons with disabilities (PWDs).

The South African national development plan 2010–30 emphasizes the need for an inclusive social protection system to address vulnerability and responds to the needs of PWDs, older persons and children, in particular orphans.

The Disability Grant (DG) is provided to adults over 18 years of age and is the only non-contributory allowance provided to persons of working age in the country. The grant also covers persons with chronic illnesses, such as HIV/AIDS, which has a prevalence of 18 per cent among the population aged 15 to 49.¹ The amount of the grant stands at 1,500 South African rand (ZAR) (US\$112) and is generous in view of South Africa's status as a middle-income country.

Main lessons

- South Africa has demonstrated that the extension of social protection to PWDs is feasible and affordable for middle-income countries.
- Social grants for people with disabilities go beyond compensation for the additional daily costs of long-term ill health or disability. They provide an income replacement for those who are unable to engage in paid work and compensate the loss of income for those who have a partial loss of earnings due to their disability.

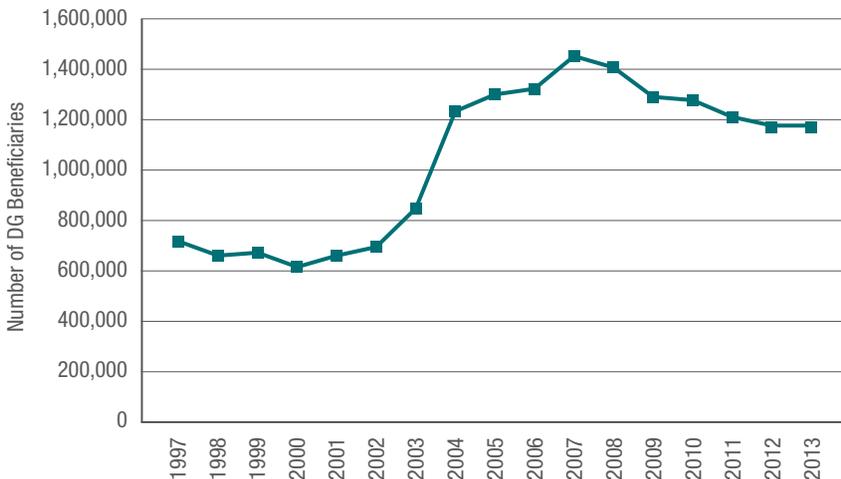
¹ People with chronic illnesses benefit from the DG but this is not legislated.

- Political will and commitment on the part of the Government are essential, in particular to increase public expenditures on social protection. Today, South Africa redistributes roughly 3.5 per cent of its GDP through social assistance programmes.
- The creation of a specialized management institution, the South African Social Security Agency (SASSA), made delivery of grants transparent and independent from political considerations and the payment channels made it easier to reach people in difficult situations and remote areas.

25.1 How did the DG develop?

In 1937, the DG was one of the first social security schemes to be introduced as a means-tested benefit. Initially, it was targeted at the poor white population; then in 1947, the DG was extended to all South Africans but with different benefit levels and different income thresholds, depending on race. In the 1970s, harmonization began to be introduced incrementally and parity between races was reached only by way of the South African Social Assistance Act in 1992.

Figure 37. DG beneficiaries in South Africa, 1997-2013



Source: South Africa, annual reports of the Departments of Welfare and Social Development, 1997-2013.

Today, the DG covers nearly 1.2 million beneficiaries, who are citizens, permanent residents or persons with “refugee status” in South Africa.

In South Africa, two institutions are active in the design and delivery of social protection. The Department for Social Development (DSD) is responsible for policy-making and oversight, while SASSA, created in 2006, administers and delivers all social grants. The creation of SASSA reduced the fragmentation and inconsistency of the previous system, in which benefit levels and eligibility criteria for social grants were decided by nine different regions and disbursed by different paymasters.

SASSA delivers benefits through fully equipped and well-staffed mobile units as part of its Integrated Community Registration Outreach Programme (ICROP), which facilitates beneficiary enrolment and registration, issues smart cards, maintains an online database, raises awareness, provides access to pay points, and conducts home visits by medical staff and social workers to ensure that individuals who are unable to go to the hospital or leave their homes – due to disability or sickness – have access to services and benefits.

In 2007, South Africa ratified and signed the Convention on the Rights of Persons with Disabilities, which facilitates the enforcement of the rights of PWDs and requires States to take actions to improve their living conditions by providing support to help them to develop to their full capacities. Additional provisions are also contained in the Continental Plan of Action for the African Decade of Persons with Disabilities (2010-2019), the African Union policy instrument on disabilities.

The prevalence of HIV/AIDS in South Africa is 18 per cent among the population aged 15 to 49. Currently, a person living with HIV is eligible for the DG if it has resulted in some kind of activity limitation and if the CD4 count used to assess the immune system of a patient is below a certain threshold. For people living with HIV, the DG is the only non-contributory scheme that provides free health care and income security in case of loss of work capacity due to HIV infection. In 2003, 41 per cent of the DG beneficiaries were people suffering from “retroviral disease” or “immuno-compromised”.

In 2004, the Government introduced free anti-retroviral drugs (ARVs), which significantly improved the health conditions of people living with HIV, so that many of those who had significant improvements in CD4 counts lost their eligibility for the DG. This may explain why the number of DG beneficiaries has steadily declined since 2007 (see figure 37).

25.2 What benefits are provided?

Persons living with a physical or mental disability which prevents them from working for more than six months can apply for a temporary or permanent DG. Their eligibility is determined through a medical assessment done by a doctor either from the Department of Health or on contract with SASSA.

Further eligibility criteria include an income-based means test and valid identity documents. The grant may be paid temporarily for 6 to 12 months or permanently. The monthly amount of the grant is ZAR1,500 (US\$112) and it lapses upon the death of the beneficiary, failure to claim the grant for three consecutive months, absence from South Africa or admission to a state institution for care. If the state institution has a contract with the State to care for beneficiaries of the DG, it is reduced to 25 per cent of the maximum amount for four months after admission to the institution; upon discharge, the full DG is reinstated.

Eligibility for the DG is reassessed regularly for temporary payments. Coverage of the DG increased from 611,325 beneficiaries in 2000 to 1.24 million eligible persons in 2015. Complementary programmes for recipients include free health care and eligibility to apply for “indigent status” to qualify for household support to pay for water, electricity and accommodation. The reconstruction and development programme provides free retrofitting of accessible housing features in their homes for any South African citizen with a disability and a monthly income of less than ZAR3,500 (US\$288).

Two additional grants are available to support DG beneficiaries. The Grant-in-Aid aims to support persons in need of support or care by another person because of their physical or mental disability; it is available for the beneficiaries of the DG, the Older Person’s Grant and the War Veterans Grant. The Social Relief of Distress programme provides temporary assistance for applicants to overcome financial pressure during the application period (up to 21 days). Depending on how a disability has been acquired, beneficiaries may also be eligible for grants from the Road Accident Fund, the Unemployment Insurance Fund or the Compensation for Occupational Injuries and Diseases Fund.

South Africa still struggles with high levels of social inequality, with a GINI coefficient of 0.69 after social grants have been disbursed to beneficiaries.

25.3 What is the impact on people's lives?

In a society in which unemployment stands at 24.3 per cent, many PWDs report being stigmatized and experience severe barriers in obtaining access to the labour market. The DG provides some level of support to facilitate the inclusion of PWDs in the labour market; however, these protective measures need to be complemented by job creation strategies and campaigns to educate employers not to discriminate against them.

Research into the impact of the DG has so far been limited. According to available studies, 77 per cent of recipients cite food as their first item of expenditure, while 59 per cent cite food as the item on which they spend most of their money. Recipients also spend varying amounts of money on electricity and water bills, depending on the infrastructure available in the regions, and on clothes, funeral insurance, debt repayment, rent, payment of school fees and remittances. Receipt of the DG, as of all other grants in South Africa, facilitates the financial inclusion of recipients because all beneficiaries have an electronic smart card for identification and payment. The DG benefits the households of PWDs or persons living with HIV, and therefore has direct or indirect impacts on the livelihoods of a larger population.

25.4 What's next?

In future, links with employers and affirmative action policies to integrate PWDs into the labour market should be pursued and prioritized to enable beneficiaries to graduate from poverty. This is already envisaged in the national development plan 2010-2030 and is required under the Convention on the Rights of Persons with Disabilities. To remove barriers to the social inclusion of PWDs, the policy framework for their integration exists and needs to be operationalized by means of a proactive and social understanding of disabilities.

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Universal pensions and care for elderly people

Vijay Gangapersad and Ariel Pino

Summary

Trinidad and Tobago has achieved nearly universal old-age pension coverage through a combination of contributory and non-contributory pension schemes. The contributory scheme is provided by the National Insurance Board (NIB), while the non-contributory scheme known as the Senior Citizens Pension (SCP) is provided by the Ministry of Social Development and Family Services (MSDFS). Even if a person has not contributed sufficiently to be eligible for the contributory scheme, they can rely on the SCP if they comply with residency and income criteria.

The Government provides a comprehensive set of benefits and services for elderly people aimed at managing the various risks associated with this age group, including contributory and non-contributory pensions, free health care, provision of selected drugs free of charge, social support mechanisms, free public transportation, subsidized housing programmes and care services.

Main lessons

- Old-age pensions follow a rights-based approach and are included in national laws. Free universal health care access and a wide range of services are available to elderly people.
- Trinidad and Tobago's pension system is based on an income guarantee for elderly people. It contributes to the achievement of the social protection floor for older persons.

- Additional synergies between contributory and non-contributory schemes could improve efficiency and rationalize the use of resources.
- Fiscal constraints may affect the level of protection provided. It is therefore important to extend the coverage of contributory old-age pensions, especially to workers in the informal economy, and to explore the diversification of financing sources to ensure long-term sustainability.

26.1 What does the old-age social protection system look like?

Trinidad and Tobago has an ageing population and ranks in the high human development category on the Human Development Index, with a rank of 67 out of 187 countries in 2012; the population over 60 represented 14.2 per cent of the total population in 2015 and is expected to grow to 16.5 per cent by 2020 (United Nations, 2015).

The Government of Trinidad and Tobago provides a very comprehensive range of social services and transfers for elderly people.

The old-age pension system in Trinidad and Tobago consists of contributory and non-contributory schemes that provide income security for elderly people; both schemes were established in 1939. The NIB administers the social insurance scheme and the Social Welfare Division of the MSDFS manages the social assistance programmes.

Table 9. Structure of the pension system in Trinidad and Tobago

	Beneficiaries	Benefits	Institution
Social pension	Aged 65 or more, means-tested	Senior Citizens Pension (SCP), social services	Social Welfare Division, Ministry of Social Development and Family Services
Contributory pension	Employed persons, domestic workers	Old-age pension, old-age grant, survivorship, invalidity	National Insurance Board (NIB), Ministry of Finance
Health coverage	Universal	Health care, drugs	Ministry of Health, Chronic Disease Assistance Programme (CDAP)
Social services	Means-tested		

26.2 What are the characteristics of the old-age pensions?

Benefits. The NIB retirement pension is paid at age 60 to anyone who has been insured with a minimum of 750 weekly contributions (a retirement grant in the form of a one-time lump-sum payment is paid to insured persons who have made less than 750 weekly contributions). The total contribution rate is 13.2 per cent (4.4 per cent by employees and 8.8 per cent by employers) and the maximum insurable earnings are 13,600 Trinidadian dollars (TTD) per month. Contributions are paid according to 16 wage categories and the pension is calculated based on the category. The self-employed are not covered under the NIB.

The minimum monthly pension is TTD3,000 (approximately US\$445), which represents 115 per cent of the minimum wage; about 97 per cent of current pensioners receive the minimum pension.

The Social Welfare Division administers the SCP in accordance with the Senior Citizens' Pension Act. It is a monthly grant paid to persons 65 and over whose income does not exceed TTD4,500 per month (approximately US\$668), who have been resident for 20 years immediately preceding the date of application (including no period of absence greater than 5 years) and who have been resident for at least 50 years overall.

The SCP benefit is determined by the income category of the pensioner. In 2016, it ranged from a minimum of TTD500 to a maximum of TTD3,500 per month, with 74.2 per cent of recipients receiving the maximum benefit. The amount is higher than the established poverty line and significantly above the indigence line. The sum also exceeds the established minimum wage for the country and the NIB minimum pension. Where two persons living in the same household (husband and wife) qualify for the SCP, the maximum household pension is TTD7,000 per month.

Coverage. Coverage has expanded significantly over the years, from 61,000 senior citizens in 2001 to 90,800 in 2016 (or 70 per cent of all elderly people).

Since 1939, the Government has continuously enhanced the benefit levels and other criteria associated with pensions so as to be more responsive to the needs of elderly people. A major policy change occurred in the statutory income limit to qualify for a social pension. In the early years of the system, elderly persons with a personal income of TTD5,000 or more per year, including income from savings and assets, were excluded from the SCP; today, however, they may have a personal income of up to TTD54,000 per year and still qualify for an allowance under the non-contributory SCP.

Financing. The NIB pension is financed from social contributions. The total contribution rate is 13.2 per cent: 4.4 per cent from employees and 8.8 per cent from employers.

The SCP is financed directly from the national budget. The many changes made to the policy over the years have resulted in a significant increase in expenditures associated with the SCP. In 2015, expenditures amounted to TTD2,647,056,180 (1.6 per cent of GDP), while for the fiscal year 2016-17 they amounted to TTD3,319,554,016.

Legal framework. NIB benefits are regulated by the National Insurance Act, updated on 31 December 2014. The SCP is regulated by the Senior Citizens' Pension Act, updated on 31 December 2014.

Institutional arrangements for delivery. To receive the SCP, an application form must be submitted to the local board office of the respective district. Applicants may be required to attend an assessment meeting with the local public assistance board, which decides on all applications. Persons whose applications have been rejected have the right to appeal. There are 11 local public assistance boards covering the country.

The SCP is paid via direct deposit into the recipient's personal bank account or by cheques mailed directly to the recipient's address. The MSDFS launched a biometric card system in 2015 that is expected to be the platform for the central beneficiary registry. This system allows for enhanced identity verification and identity fraud reduction.

26.3 What other services are available to elderly people?

Elderly people who are eligible for the Chronic Disease Assistance Programme (CDAP) benefit from free health care at health clinics and hospitals, as well as the provision of selected drugs at no cost. The CDAP is managed by the Ministry of Health and provides citizens with free prescription drugs and other pharmaceutical items to combat a number of diseases, including diabetes, cardiac diseases, arthritis, glaucoma, mental depression, high blood pressure, benign prostatic hyperplasia, hypercholesterolemia, thyroid diseases and Parkinson's disease. If the necessary drugs and services are not available in the public health-care system, beneficiaries can access private health care services at subsidized rates. Accessibility and coverage do not therefore pose major challenges in Trinidad and Tobago.

Loneliness, one of the major risks facing elderly people, is managed through the senior centres programme, which targets elderly people who are in good health and physically active and is designed to provide the necessary physical, social and mental stimulation and support mechanisms to enable elderly people to optimize the quality of life of their later years. Centres are administered by non-governmental organizations and community-based organizations, with financial support from the Government. The elderly and differently abled mobile programme provides free transportation for elderly persons to go about their daily routines. Free transportation on the public service transport system (bus transportation, ferry transportation to Tobago and trips on water taxis during non-peak hours) is also available to all elderly people.

Homelessness is another risk associated with growing old. The Homes for Older Persons Act provides oversight of residential homes for elderly people and the regulation and monitoring of all facilities for elderly people in Trinidad and Tobago. State housing opportunities are also available, such as pensioners quarters, as well as other subsidized housing programmes for elderly people.

The geriatric adolescent partnership programme and the retirees adolescent partnership programme bridge the generation gap and allow elderly people to interact with young people and share mutual support. Under these programmes, poor elderly people also benefit from free transportation and caregiving. Several other means-tested programmes are available to elderly people, such as subsidies of annual water and electricity costs and of the costs of public education, home improvement, housing rents, household furniture and appliances, home care and assistive devices.

An older persons information centre established by the MSDFS serves as a referral facility for information on resources, services and products for elderly people.

26.4 What are the main impacts on people's lives?

Trinidad and Tobago has almost universal pension coverage. Of all NIB members above the age of 60 years, 73 per cent receive the NIB pension, while the rest who are ineligible due to insufficient contribution period receive a lumpsum retirement grant. More than 80 per cent of persons over 65 who are eligible for the SCP receive the non-contributory pension.

In terms of adequacy of income, the NIB guarantees a pension of at least TTD3,000 per month, while the SCP pension amount is calculated so as to

guarantee a minimum level of income that exceeds the poverty threshold to reach a similar minimum level of TTD3,000 per month.

26.5 What's next?

Trinidad and Tobago is under fiscal pressure because of the economic slowdown and low oil and gas prices. Diversification of the economy is high on the political agenda so as to ensure long-term economic growth and the sustainability of the pension system.

Improving the efficiency and effectiveness of existing programmes without compromising on universality and benefit adequacy and at the same time ensuring the proper incentives that social protection programmes should provide are being discussed. The MSDFS is fully implementing the biometric card system and establishing an integrated information technology (IT) system whose objective is to facilitate the modernization and effective delivery of social services. The integrated IT system will automate and re-engineer MSDFS core business processes, operational activities, business and programme performance, thereby providing an integrated approach to case management, a seamless administration of social services and streamlined coordination of data and information among government ministries and agencies.

The linkages between contributory and non-contributory schemes in the areas of benefit design, administration, financing, delivery of services and administrative tools should be reinforced. The NIB should consider the implementation of social protection mechanisms for self-employed and unemployed persons, which would in the long term significantly reduce the number of social assistance benefits that would have to be paid in the future, while ensuring an adequate universal system.

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PART

IV

Towards universal
health coverage

Health insurance for garment workers and further expansion to all workers

Pascale Le Roy and Thibault van Langenhove

Summary

In 2016, the Cambodian National Social Security Fund (NSSF) implemented a national social health insurance scheme for formal sector workers.

In January 2016, the Prime Minister issued a sub-decree to launch mandatory social health insurance for formally employed workers under the health insurance branch of the 2002 Social Security Law.

The new scheme built on a pilot health insurance project (HIP) for garment sector workers, which had been launched after a feasibility study in 2007 on the initiative of the Garment Manufacturers' Association of Cambodia (GMAC) and the NGO Professionals for Fair Development (GRET) in collaboration with NSSF under the authority of the Ministry of Labour and Vocational Training. The transfer of the project from GRET to NSSF started in 2013. The HIP team contributed its expertise to the establishment of the national scheme for formal sector workers.

Main lessons

- The Government, workers and employers representatives progressively gained consensus on the design of the national health insurance scheme through continuous dialogue during a pilot stage that lasted seven years (2009-2016).
- The pilot HIP was used to fine-tune operational processes, the health-care provider payment mechanism, client-centred complaints management and the computerized monitoring and information system (MIS), as well as to

build evidence on the cost of the system based on health-care consumption analysis.

- After the adoption of the legal framework that made affiliation compulsory in the garment sector, coverage expanded rapidly from 7,144 garment sector workers to 1.4 million formal sector workers from January 2016 to September 2018.
- Further expansion of health protection to all workers, including in the informal economy, will require additional investments in improving the quality of health-care services, as well as adjustments in NSSF procedures, tools and administrative capacity.

27.1 Launch of the HIP for garment workers

In 2002, Cambodia adopted its first National Social Security Law, which stipulated the principles of a mandatory social security system for private-sector workers. The system would include employment injury benefits and old-age, invalidity and survivors' pensions, and would pave the way for further extension to other forms of social protection. With ILO support, the Law was gradually implemented, starting with the creation in 2007 of the NSSF, which started to implement the employment injury branch in 2008 and aimed to set up the health insurance branch in 2010-11.

In 2007, the French NGO GRET conducted a feasibility study of the health insurance needs of garment workers who did not have sufficient access to health care. Following the findings of this study and in preparation for the drafting of the compulsory Social Health Insurance Law, GMAC requested GRET to test the design of the health insurance branch.

27.2 Design and preliminary implementation of the HIP for garment workers

The HIP initially aimed to offer employment-based health insurance to all salaried workers in the garment industry in Cambodia. The target was 100,000 workers in Phnom Penh for the first phase, which would allow to cover administrative costs (including staff cost) of the scheme.

About 300 GMAC member enterprises were to join the HIP on a voluntary basis, with mandatory enrolment for their workers. However, with the 2008

economic downturn it became difficult for many enterprises and workers to join the scheme; as a result, the HIP was launched on the basis of voluntary enrolment of workers.

The HIP covered primary health care at public health-care centres and hospital care at contracted public health facilities (district and national) in the municipality of Phnom Penh. The scheme also included health promotion activities targeting workers' needs, mainly in the area of reproductive health. The HIP health-care package aimed to follow the minimum standards defined by the ILO's Social Security (Minimum Standards) Convention, 1952 (No. 102) and Medical Care and Sickness Benefits Convention, 1969 (No. 130).

At first, workers did not have to pay any co-payment at the point of service. Upon their arrival at the facility, they could be authenticated at a dedicated counter managed by HIP hospital agents, who also assisted workers and facilitated their stay in the hospital and helped resolve any problems.

The HIP contracted seven public health facilities, including two national hospitals. A simple health-care provider payment method, based on a lump sum per major category of health-care services (2 to 5 categories), was adopted. For national hospitals, the HIP negotiated two simple lump sum payments: one for outpatient department services (ambulatory care) and one for inpatient department services (hospital care).

The quality of health-care services was ensured by several criteria, including medical staff qualifications, compliance with Ministry of Health requirements and the availability of medical equipment, drugs and medical staff. However, selected health-care providers were often located relatively far from factories, which resulted in high transportation costs for insured workers. Furthermore, the quality of service did not always meet expectations at public health centres. For that reason, the mandatory referral system from public health centres to hospitals was removed, giving insured workers more choices.

In order to benefit from the HIP, a contribution amounting to US\$1.60 had to be paid per worker per month.¹ The contribution was designed to be sufficient to cover health-care expenditures and HIP management costs (under the assumption of an outreach to 100,000 insured workers). The contribution financed the coverage of the worker only since family members were not covered by the scheme. Equal contributions were paid by employers and workers, except

¹ On average, per month, workers earned US\$80-100 with extra hours.

in three factories that chose the automatic enrolment of all workers, where the contribution was paid entirely by employers.

A team of 23 persons, including 11 hospital agents, performed the daily management of the scheme. A dedicated MIS known as the HSPIS allowed the management of membership and the production of reports on the utilization of health-care services at each contracted health facility. Insured workers had the opportunity to post feedback and complaints through HIP teams in factories and at health facilities and via a 24-hour complaint hotline.

In order to promote the scheme, HIP teams visited factories on a quarterly basis. Even in factories with automatic membership, HIP teams visited to ensure that workers had information about health insurance. During these visits, HIP teams worked with both management and worker representatives to raise awareness and avoid possible misunderstandings and resistance.

The HIP covered only about 1,900 workers in 2009.

27.3 Transfer of the HIP for garment workers to the NSSF

To ensure involvement and clarify roles and responsibilities of relevant stakeholders, a memorandum of understanding was signed and a steering committee, composed of representatives of NSSF, the various line ministries involved in the project (labour, health and finance), GMAC, GRET, workers representatives, the ILO and other development agencies, was created in 2009 to provide advice on the scheme's design, operations and development. In addition, the NSSF was directly involved in decisions related to the development of the management information system and the choice of technology to facilitate the future transfer of the MIS. Key NSSF staff members were also trained on the management of health insurance (including claims and provider payment processes) at special working sessions and workshops.

The absence of a clear roadmap for the launch of the national health insurance by NSSF was a challenge to the effective management of the pilot HIP. The date of its transfer to NSSF changed several times, putting financial pressure on the project since donor funding was originally supposed to end in 2011. Similarly, the uncertainty of NSSF about the technological solutions required slowed down the development of the MIS. As donor support was about to end, the HIP steering committee members and donors agreed that some transfer scenarios would be presented by the GRET and that the NSSF would have to choose

its preferred option. In May 2013, four scenarios were presented and the NSSF decided to integrate the HIP team into its divisions and to directly manage the contracts of the 7,144 workers insured by HIP before the effective launch of the national social health insurance scheme for all formal sector workers, which at that time was planned for 2014.

In October 2013, the GRET transferred 17 trained HIP staff, the complaint system and the MIS to the NSSF. With the financial support of the French Development Agency (Agence Française de Développement or AFD) and the NSSF, the GRET continued to provide technical assistance until early 2018 in the integration of the HIP team and tools and in preparing and assisting the launch of the national health insurance scheme, with technical collaboration from the ILO and the German Agency for International Development (Deutsche Gesellschaft für Internationale Zusammenarbeit or GIZ).

27.4 Implementation of the national health insurance scheme for all formal sector workers and expansion of coverage

The benefit package of the national health insurance scheme, like the HIP package, included free medical care in health facilities contracted by the NSSF. In addition, it was extended to include sick leave and maternity benefits. The national scheme contracts both public and private facilities, especially when there is no public facility within a reasonable distance. In case of emergency, patients can access services in the nearest health facility, including in facilities that are not contracted by the NSSF. In such cases, the patient has to pay the medical bill up front and will be reimbursed later by the NSSF.

The contribution evolved from a fixed amount of US\$1.6 per month per insured person to a monthly contribution rate of 2.6 per cent of the wage. The rate was determined based on an actuarial valuation done by the ILO with financial support from the GIZ.

The provider payment mechanism evolved and was designed in dialogue with the Ministry of Health² in order to ensure consistency with other schemes, when possible, such as the health equity funds for the poor. The NSSF pays the

² Kosomak Hospital and other departments, such as those responsible for hospitals, the budget, and health information and planning.

contracted health facilities based on a 52-case system, in which a standard list of procedures for each specific case is defined and an average cost established. The NSSF classifies contracted health facilities based on the quality of the health services provided. Based on this assessment, the NSSF can decide to pay between 80 and 120 per cent of the indicated average cost of each case. For private health facilities, the NSSF will pay up to 150 per cent of the cost due to higher quality of service. Some services, such as transportation, are paid on a fee-for-service basis.

The dedicated management information system HSPIS has been upgraded to manage the increased volume of data generated by national coverage and for possible communication with other information systems, such as the registration system for the employment injury branch of the NSSF.

27.5 The challenge of offering adequate health protection to all workers in Cambodia

In January 2016, the Government officially launched mandatory health insurance for all formally employed workers. The collection of contributions started in September 2016 and the first health care services were provided in November 2016. The health insurance scheme had registered 1.4 million employees of large enterprises by September 2018.

In November 2017, the Government expanded the eligibility of the scheme to include workers of all enterprises, regardless of their size, which gave legal access to an additional 3 million workers in small and medium-sized enterprises who were previously not eligible. In implementing this recent change, the NSSF has registered as additional 1.7 million small and medium-sized enterprise workers as of September 2018.

The NSSF now faces the challenge of further expanding coverage to all workers, including those in the informal economy. This will require adjustments of its organizational structure to allow it to deal with the identification and registration of workers outside formal employment relationships. It will also require significant supply-side improvements to ensure that the health services provided are of acceptable quality.

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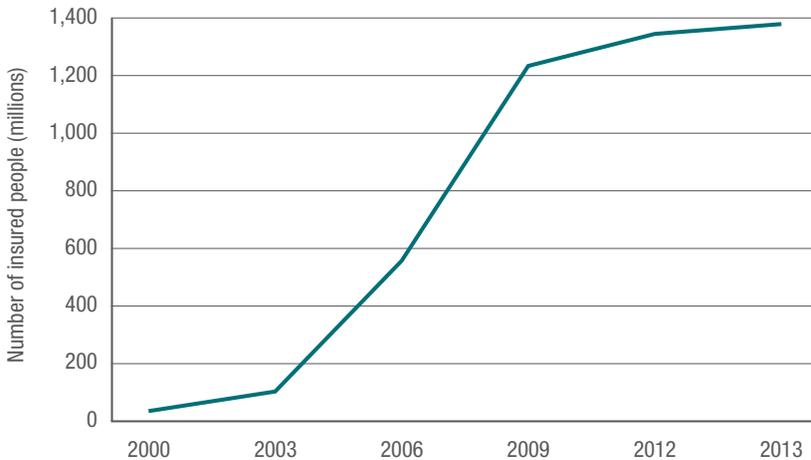
Extending health insurance coverage

Aidi Hu and Loveleen De

Summary

Between 2003 and 2013, the number of people covered by the health insurance system in China increased tenfold to achieve universal coverage (96.9 per cent of the population).

Figure 38. Expansion of health insurance coverage in China from 2000 to 2013: Number of insured people (millions)



Source: China, 2009/2014.

The current health insurance system is composed of three main schemes: (a) Health Insurance for Urban Workers (HIW), (b) Health Insurance for Urban Residents (HIUR) and (c) Health Insurance for Rural Residents (HIRR).

Main lessons

- China's experience shows that universal health protection can be achieved in less than 10 years.
- Political will and government commitment are necessary for the rapid expansion of health protection. In particular, increasing government expenditure is indispensable for providing rural and other vulnerable groups of the population with meaningful health protection.
- An increase in health insurance coverage contributes to boosting the demand for health-care services. It is therefore necessary to ensure that a sufficient number of skilled health workers and quality health-care facilities are equally available and accessible to all in need.
- Introducing cost-effectiveness measures and financial incentives to use community-based and other local health services ensures the long-term financial sustainability of the system.
- Universal coverage contributes to social and economic development by enhancing the purchasing power of households, improving the health status of the population and the productivity of workers, and creating employment in the health sector and beyond.

28.1 What does the health protection system look like?

Legal framework. The key elements of the legal framework of China's health protection system are:

1	Construction of the PRC (amended in 2004)
2	Social Insurance Law (adopted in 2010)
3	National Administrative Regulations
4	Ministerial Rules
5	Regional Administrative Rules
6	Other Legal Provisions

Financing. The HIW is mainly financed by employer and employee contributions. Employers and employees contribute 6 per cent and 2 per cent of the reference payroll, respectively (China, 2015a).

The HIUR and HIRR are voluntary insurance schemes that cover 1.1 billion people (China, 2009/2014). These schemes are funded by both government subsidies and contributions of the insured. As shown in table 10, the Government subsidizes a major part of these schemes.

Table 10. Average contribution and subsidy for HIUR and HIRR in China in 2015

Year 2015	Average annual contribution	Average annual subsidy
HIUR & HIRR	CNY 120 per person	CNY 380 per person

Source: China, 2015a, 2015b, 2015c, 2015d.

In addition, the Government covers health insurance contributions for poor families.

Benefits. The benefit packages of the three schemes, although different, have all been gradually improved over the last decade. Under the HIUR and HIRR benefit packages, for instance, more than half of the insurable medical costs are covered up to a maximum set by each programme (China, 2015a, 2015b).

Comparatively, the HIW provides a more comprehensive benefit package that provides financial protection for on average 81 per cent of insurable costs (China, 2015a). As a general rule for poor families, the Government covers part

Table 11. HIUR and HIRR benefits in China in 2015

	HIUR (2014)	HIRR (2013)
Benefits as % of insurable cost for hospitalization	70	75
Benefits as % of insurable cost for outpatient care	50	50
Minimum ceiling of annual benefits	6 times the average annual regional income per capita of CNY 60,000	CNY 80,000

Note: Insurable cost is the cost of the benefit package covered by the HIUR and the HIRR.

Source: China, 2015a, 2015b.

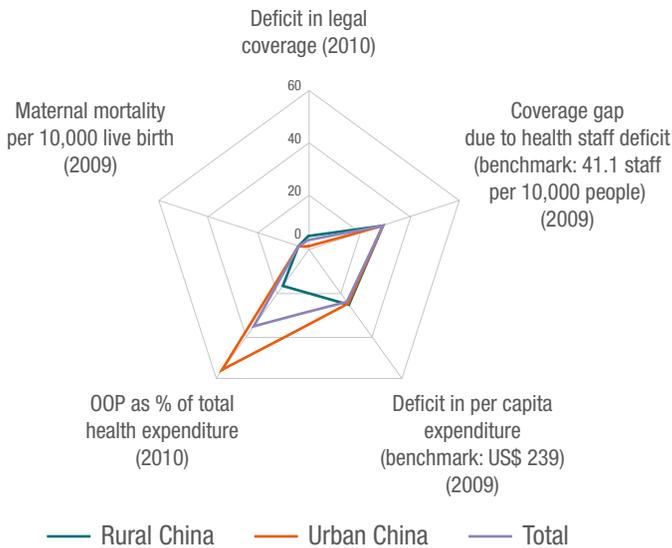
or all of their out-of-pocket (OOP) payments. Supplementary benefits are paid to those with higher OOP costs or severe diseases. As a result, the level of OOP payments as a share of national health expenditure has declined from 60 per cent in 2001 to 33.9 per cent in 2013 (China, 2009/2014). The reduction is more striking under the HIRR.

Institutional arrangements for delivery. At the national level, the Ministry of Human Resources and Social Security is responsible for the global performance of the HIW and HIUR, while the National Health and Family Planning Commission supervises the operations of the HIRR. They cooperate with each other as well as with related national and regional authorities.

The regional funds of the HIW, the HIUR and the HIRR are responsible for the daily operations of the health insurance system. A network of contracted public and private health providers and pharmacies provides the services.

Third-party payment mechanisms have been established between the contracted health providers and the insurance schemes. Thus, insured patients only pay their share of OOP costs after every medical visit. The remaining cost is later invoiced by health providers to the insurance scheme.

Figure 39. Deficits in effective access to health care in China (2011 or latest available year)



Source: Based on Scheil-Adlung, 2015a.

Access to health care. According to the ILO Social Protection Floors Recommendation, 2012 (No. 202), universal health protection should be based on entitlements prescribed by law and should constitute services that meet certain criteria, such as availability, accessibility and quality. As shown in figure 39, only 3.1 per cent of the population was not affiliated with any scheme in 2010, while the maternal mortality rate in 2009 was low, at only 3.7 deaths per 10,000 live births. However, access to services was still hampered for about 20 per cent of the population due to deficits in the health workforce and funding and OOP costs remained high, with a national average of about 35 per cent of total health expenditure and an urban average of 55 per cent.

28.2 How was this major progress achieved?

A series of events led the extension of health coverage:

- (a) The decision to create a health insurance programme for the rural population was made by the Government in 2002; as a follow-up, the HIRR was launched in 2003 to progressively cover all 800 million rural residents (China, 2009/2014);
- (b) In 2007, the Government adopted a policy to pilot a health insurance programme for urban children, students and residents who had no health insurance, which evolved into the HIUR in the same year;
- (c) The goal of “Universal access to basic health care” was set by the Government in 2007 as an integral part of the national strategic objective to build a moderately prosperous society by 2020 (Hu, 2007); progress towards universal health protection was thereby accelerated;
- (d) Due to the high level of the Government’s financial support for HIRR and HIUR, these two voluntary schemes have helped achieve universal health insurance coverage;
- (e) From 2003 to 2013, the total number of licensed doctors, registered nurses and pharmacists increased significantly, from 34.8 to 52.7 per 10,000 residents (China, 2009/2014), which reduced the coverage gap due to health staff deficit highlighted in figure 39.

28.3 What are the main results and impact?

Outcomes. Based on legislation and affiliation to health insurance schemes, universal health protection was achieved in China in 2012 (China, 2009/2014).

Impact on people's lives. Universal coverage has enabled more people to seek medical treatment when in need. As a result, the average number of outpatient consultations per person per year increased from 1.7 times in 2003 to 5.4 times in 2013 (China, 2003/2014, 2009/2014).

Consistently, national health indicators have improved as well. For instance, infant mortality and maternal mortality rates were reduced by 60 per cent and 49 per cent, respectively, from 2000 to 2012. Life expectancy at birth increased from 69 years in 1990 to 75 in 2012 (World Health Organization, 2014).

Impact on the economy. The improved health status of the population has had a positive impact on workers' productivity. Reductions in OOP payments have minimized the risk of households falling into poverty. Meanwhile, universal coverage has increased the demand for health-related goods and services. This new market has generated new employment and growth. In 2013, the Government issued guidelines to facilitate the development of these new goods and services.

28.4 What's next?

Affordability. Although OOP costs have been gradually decreasing, the level of medical costs borne by insured persons is still considered high, especially for those with low incomes severe diseases or disabilities. In 2015, the Government launched the HIRR and HIUR supplementary programmes for those with severe diseases with the aim of reducing OOP expenditures to less than 50 per cent of total medical costs (China, 2015a, 2015b, 2015c, 2015d). Moreover, there is a significant lack of long-term care protection for older persons as very strict and means-tested eligibility criteria apply (Scheil-Adlung, 2015b).

Availability. Despite reforms to increase and improve the supply side of health care, health services are still over-concentrated in hospitals in large cities. To promote equal access to quality health care, more investment in the rural areas and at the grass-roots level is required.

Portability. Patients using health-care facilities outside their region of health insurance still have to pay the full bill first before applying for reimbursement

from their own regional health insurance fund. Third-party payment mechanisms should be extended beyond regional borders. Many regions are starting experiments in portability.

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Universalizing health protection

Fabio Durán-Valverde

Summary

After two decades of development, the Colombian health insurance system has produced very positive results. It is estimated that the rate of affiliation to social health insurance schemes increased from 25 per cent before the 1993 reforms to 96 per cent in 2014.

Out-of-pocket (OOP) expenditures fell to 15.9 per cent of national health expenditures in 2011 (Colombia, 2014). According to the ILO's *World Social Protection Report 2014/2015*, per capita health expenditure not financed by OOP reached US\$358.5 and the share of live births attended by skilled health staff reached 99.2 per cent. Hence, Colombia is one of the most notable cases of recent progress in health protection in Latin America.

Main lessons

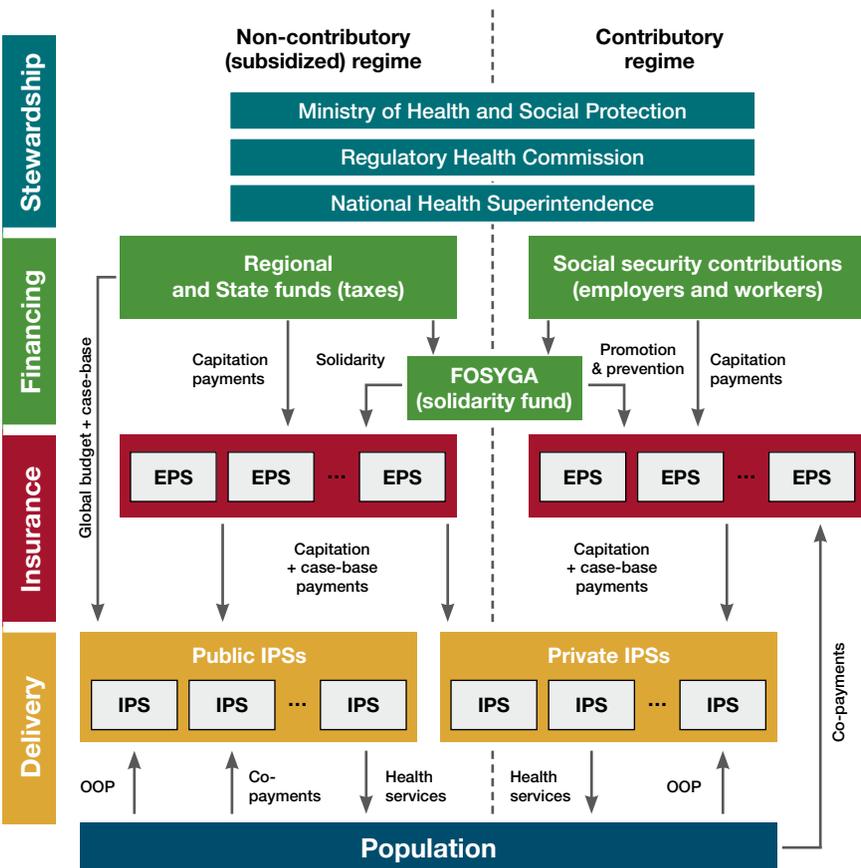
- Significant progress towards universal health protection is feasible and affordable for developing countries.
- Colombia's Solidarity and Guarantee Fund (Fondo de Solidaridad y Garantía or FOSYGA) played a critical role in pooling funds from different sources and linking contributory and non-contributory schemes.
- The creation of a single set of health services through the Mandatory Health Plan (Plan Obligatorio de Salud or POS) contributed to the standardizing of benefits across all insurers and providers, public and private.
- It is possible to obtain highly successful results in terms of expansion of health coverage to rural populations and reduction of OOP expenditures by families.

- The political economy of structural health reform is highly complex and may generate divergent views between stakeholders. Therefore, social dialogue is essential.

29.1 What does the system look like?

The Colombian health system is based on the principle of "universality", which means that all citizens are obliged to join one of two insurance schemes: a contributory plan for employees and self-employed workers with contributory capacity or a subsidized (non-contributory) scheme for informal workers and low-income self-employed workers (figure 40).

Figure 40. Colombian social security system in health



Source: adapted from Vargas et al, 2010.

Benefit packages. Members of either the subsidized or the contributory scheme are entitled to the same benefits. A single service package is defined by the POS, which is composed of interventions aimed at health promotion, prevention and medical care services, including pharmaceutical drugs for members and their families. The POS also includes cash benefits in case of illness and maternity leave. Public and private health promotion entities (EPS), in their role as insurers, are responsible for ensuring that citizens have access to POS entitlements.

Financing. The contributory scheme is financed by compulsory contributions from employers, employees, the self-employed and pensioners. Participants contribute according to their payment capacity. The subsidized scheme is financed by taxes and transfers from the contributory scheme. A per capita payment to deliver the POS – the Capitation Payment Unit – is transferred by the Government to health promotion entities according to the number of enrolled members in the different entities, which compete for the enrolment of new members in order to maximize their revenue. The FOSYGA was created to provide cross-subsidies between schemes and it finances promotion and prevention interventions.

Legal framework. The health system was created in 1993 by Law 100. Several reforms have been introduced over time in order to correct problems. In 2007, the Government approved a legal reform to improve stewardship functions, financing, the financial balance and the quantity and quality of services provided. In 2011, further reforms were introduced to create a single POS for all residents (the previous POS provided lower standards for the subsidized scheme), reach universal coverage and ensure the portability of benefits. Other reforms are currently under discussion and highlight the divergent views of stakeholders on the health system. One concern is the increasing “judicialization” of the system, whereby the Constitutional Court has adopted several resolutions to guarantee effective access of the whole population to the POS.

Institutional arrangements for delivery. EPS insurers in the contributory and subsidized schemes purchase services from health providing institutions (IPS), which may be either public or private entities. Public hospitals became state-owned social corporations with a legal status, equity capital and administrative autonomy. Thus, the system includes both public and private provision of health-care services. The regulation and oversight of health insurers and providers is under the responsibility of a public entity known as SuperSalud. Only people identified through a system for identifying social assistance beneficiaries known as SISBEN are entitled to non-contributory coverage (subsidized scheme).

29.2 How was this progress achieved?

The current situation of the Colombian health system is the result of a long process of major structural reforms led by the Government, with both critics and supporters, which involved the discontinuation or transformation of the previously existing social insurance institutions. One hotly debated topic among stakeholders is the importance given to the private sector in the newly managed competition model. Critics of private participation in health-care provision and insurance functions point to the high intermediation costs of private insurers (financial intermediation costs, excessive profits, etc.) and to problems arising from lack of competition, the low quality of services and patient refusal. Supporters of private participation point to the results achieved to date: the strong expansion of coverage which has increased the supply of health services and the commitment of the Government to financing health care for the low-income population.

29.3 What are the main results in terms of impact on people's lives?

Outcomes. High levels of affiliation (coverage) rates achieved by the Colombian social health insurance system have had positive implications for the well-being of the population. OOP expenditures fell dramatically, from 43.7 per cent of national health expenditures in 1993 to 15.9 per cent in 2011 (Colombia, 2014), generating a considerable reduction in vulnerability for many Colombians. Thanks to the strong expansion of financing, total health expenditures financed with public resources reached 73.8 per cent in 2011 (Colombia, 2014), one of the highest rates in Latin America.

Impacts on people's lives. One of the most remarkable achievements is the extension of health protection and of effective access to health services to rural and poor populations in Colombia. Several studies have demonstrated significant increases in the use of health services in rural areas. As a result, since the introduction of the health care reform in 1993 the number of infant and maternal deaths has fallen by 40 per cent and prenatal care has increased by 17 per cent, with significant improvements in the immunization rates of children under the age of 2, according to World Bank figures.

Impacts on the economy. It is recognized that investments in the health sector generate multiplier effects and linkages with other economic sectors. For example, medical tourism is a developing industry in Colombia as a result of the sustained increase in the quality of its medical services.

29.4 What's next?

Despite its accomplishments, the Colombian health system is not free of problems and criticisms, including divergent views on the direction of future reforms. Among the many challenges that remain to be addressed, there is a need to:

- (a) Complete universal access to health protection and effectively equalize the POS across schemes;
- (b) Close the gaps in the availability of health care, in particular in rural areas, by providing a sufficient number of health workers to ensure that all those in need have effective access to quality health care;
- (c) Enhance the efficiency and effectiveness of the overall health system;
- (d) Improve the scope and quality of health services and reduce the denial of treatment by insurance companies;
- (e) Strengthen social dialogue as a part of the current model;
- (f) Increase membership in the contributory scheme in order to enhance fiscal sustainability through increased social contributions;
- (g) Improve national health account data and the quality of information on health in order to strengthen government monitoring, planning and decision-making capabilities;
- (h) Improve the procedures available to beneficiaries for appealing denial of treatment in order to reduce the use of constitutional channels for such appeals;
- (i) Reduce intermediation costs generated by health promotion entities.
- (j) Improve the regulatory framework and increase the regulatory capacity of the State.

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Universal health coverage through community-based health insurance

Stefan Urban, Loveleen De, Hiroshi Yamabana, Victoire Umuhire and Cristina Lloret

Summary

The Government of Rwanda has made significant efforts to develop its health-care system at the national and community levels, making it possible for most people in the country to access affordable health care. This has helped to achieve near universal health coverage and contributed to making ILO's Social Protection Floors Recommendation, 2012 (No. 202) a reality.

The social health protection system in Rwanda consists of community-based health insurance (CBHI) schemes for formal and informal sector members, the Rwandaise d'Assurance Maladie (RAMA), military medical insurance (MMI) and private insurance schemes. While 96 per cent of people in Rwanda were covered by health insurance in 2011, CBHI schemes had the highest coverage rate at 91 per cent. Started in 1999 as a pilot programme, the CBHI system has since been rolled out nationwide and has greatly contributed to improving health standards in Rwanda, including increased life expectancy at birth and reduced child and maternal mortality.

Main lessons

- The experience of Rwanda shows that it is possible for low-income countries to meaningfully extend the social protection floor for health care and move towards universal health coverage even when most people live in rural areas and belong to the informal sector.
- Near universal coverage was achieved due to strong political commitment, a decentralized and strong network of health facilities in all districts, community

participation and the use of cultural elements such as Ubudehe¹ to include all people.

- The CBHI system subsidizes contributions for the poor and vulnerable, which has helped to extend coverage to otherwise excluded groups.
- The linkages between health centres and hospitals and communities are strengthened by a total of 45,000 community health workers (CHWs).
- Simple technology can be used to conduct routine surveillance of health events and to reach out to people in rural and remote areas.

30.1 What is Rwanda's social health protection system?

Over four years of civil war and genocide in Rwanda, almost 1 million lives were lost and the country was left in a state of near collapse in 1994. Since then, Rwanda has made striking achievements in rebuilding its health-care system and reaching near universal coverage. The following are the main health insurance schemes in Rwanda:

- (a) RAMA, which provides medical insurance to civil servants and employees of state-owned enterprises;
- (b) MMI, which provides basic insurance coverage to military personnel;
- (c) CBHI schemes or *mutuelles de santé* for formal and informal sector members;
- (d) private insurance products.

The Government's Vision 2020 and the economic development and poverty reduction strategy provide for a health-care system that is based on health equity and developed using a people-centric, inclusive and social cohesion-driven approach.

To extend coverage to all Rwandans, the Government launched the CBHI system as a pilot programme in 1999, with a nationwide roll-out in 2004. Coverage has increased significantly, from 7 per cent in 2003 to 91 per cent in 2011, and has helped promote the participation of communities in their socio-economic development.

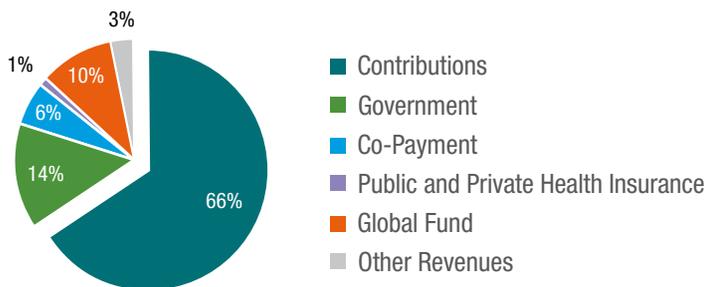
¹ Ubudehe is the Rwandan practice of solving local problems through collective action and mutual support.

30.2 What is the CBHI system?

Legal framework. The CBHI schemes are regulated by Law No. 62/2007 and statutory orders which contain provisions for their creation, management and implementation, including membership rules, the scope of services, provider payment options and financing mechanisms. The Law states that every person in Rwanda not insured by any other health insurance scheme must join a CBHI scheme, thereby making affiliation to the CBHI system mandatory.

Financing. The CBHI scheme is financed through various sources, such as member contributions, government subsidies, external donors and other health insurance schemes, such as RAMA and MMI, as shown in figure 41. Contributions are made on an annual basis and there is a waiting period of one month to access services. A co-payment is requested from members at the point of use of health services.

Figure 41. Sources of funding for the CBHI system in Rwanda, 2012-13



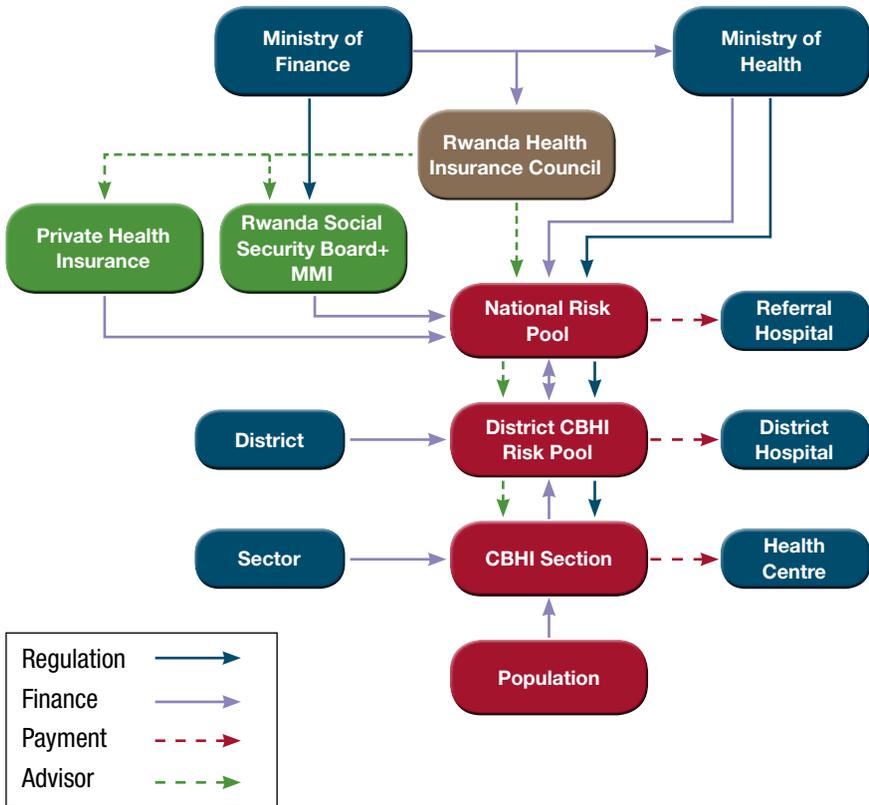
Source: Rwanda, Ministry of Health.

The contributions are based on a three-tiered premium scaling system known as Ubudehe, established in 2010, which assigns households to one of six categories, based on their income and assets. The premium of the two poorest and most vulnerable categories, i.e. 2,000 Rwandan francs (RWF), is fully subsidized by the Government. The two middle categories grant a slightly higher premium of RWF3,000, while the two highest categories pay the highest premium of RWF7,000. The National Income Categorization Database is used by local governments to classify beneficiaries into one of the six categories. The Ubudehe system introduced the principles of solidarity and inclusion into the CBHI system and contributed to improving its financial sustainability.

Implementation framework. Figure 42 shows the previous governance and financing structure of the overall CBHI system. In October 2015, the management of CBHI was transferred from the Ministry of Health to the Rwanda Social Security Board in order to improve the financial management and efficiency of the system. Figure 42 also depicts the decentralization of CBHI to the district and sector levels.²

Health-care services in Rwanda are delivered through a network of interconnected facilities. At the lowest level, health centres and health posts provide primary and preventive health-care services and offer pharmaceutical and basic laboratory support. District hospitals focus on preventive and curative services

Figure 42. Structure of the CBHI system in Rwanda



Source: Ministry of Health, 2010.

² Sectors are administrative subdivisions within districts.

and health promotion. Provincial referral hospitals provide basic specialized services and have broader geographical coverage. National referral hospitals deliver specialized services and provide training tools and facilities for the expansion of medical services. CBHI members can access services at any of these facilities. The cost of ambulances is also covered.

This system is complemented by a network of 45,000 CHWs, who further contribute to strengthening the linkages between the health centres and hospitals and the communities, using simple mobile applications, such as RapidSMS and mUbuzima, to conduct routine surveillance and monitor health events. In this way, they facilitate case management and monitoring of health indicators.

Furthermore, the Rwanda Health Management Information System, launched in February 2012, is a web-based application that is used to collect data from health facilities.

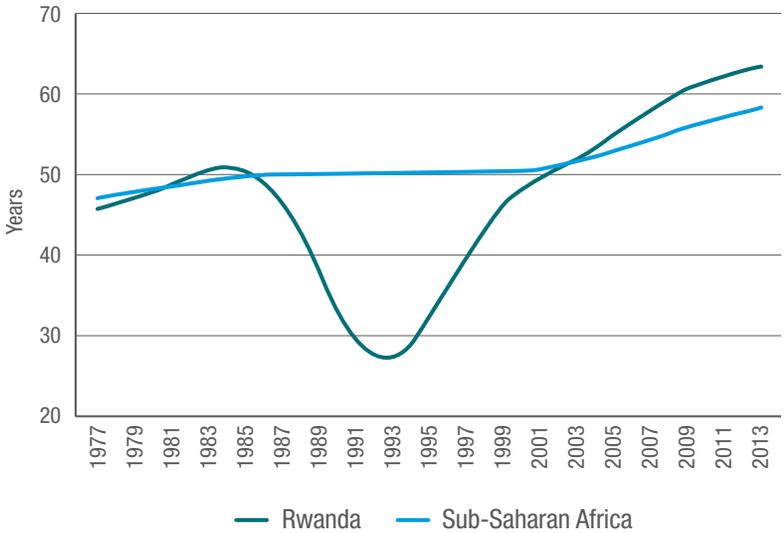
Decentralization and community participation are encouraged through the management, implementation and monitoring of CBHI schemes at the sector and district levels. Being close to the people, CHWs form the final layer in the decentralized health-care structure. The people are kept well-informed about health care and the CBHI system through various awareness-raising measures and are involved in its management by electing members to CBHI committees.

Coverage. The high coverage rate of 96 per cent can be attributed to several factors, especially political commitment, strong leadership, community participation, a decentralized health-care structure using CHWs, provision of incentives to staff (i.e. performance-based financing) and effectively coordinated donor assistance. Rwanda employs evidence-based policies and practices by scaling up pilot initiatives that prove to be successful.

30.3 What are the key achievements in Rwanda?

The Rwandan genocide of 1994 and civil war had a devastating effect on the health-care system, creating a shortage of health workers and destroying infrastructure. Since then, the country has faced an enormous challenge to reconstruct its health-care system and infrastructure, improve the coverage and quality of its health care and tackle high levels of HIV prevalence. This has been done over a period of time through several measures, such as decentralizing services to the district level, installing the CBHI system, encouraging community

Figure 43. Average life expectancy in Rwanda (in years)



Source: World Bank.

participation in its management and financing, establishing HIV and malaria programmes and increasing immunization among children.

These measures have contributed significantly to improving health standards in the country. As shown in figure 43, life expectancy at birth for Rwandans fell sharply during the years of civil war and genocide. Since then, it has increased steadily to its current level of 64, which is higher than the life expectancy of 57 for sub-Saharan Africa. The under-five mortality rate, which was among the highest in the world in the early 1990s, has declined to 42 per 1,000, thereby meeting the Millennium Development Goal 4 to reduce the rate by two thirds between 1990 and 2015. Rwanda has also made significant improvements in reducing maternal mortality, which stands at 29 deaths per 10,000 live births (World Bank).

The CBHI system has helped to reduce out-of-pocket (OOP) payments, as shown in figure 44, making health care more affordable for its members. People can access care before their condition worsens, which decreases the total cost of treatment.

Improvement of infrastructure, especially in rural areas, has increased demand and access to health care and it is estimated that at least 60 per cent of the pop-

ulation lives within 5 kilometres of a health centre. Following the introduction of the CBHI system, the utilization of health care increased from 31 per cent in 2003 to 107 per cent in 2012.

30.4 What are the challenges?

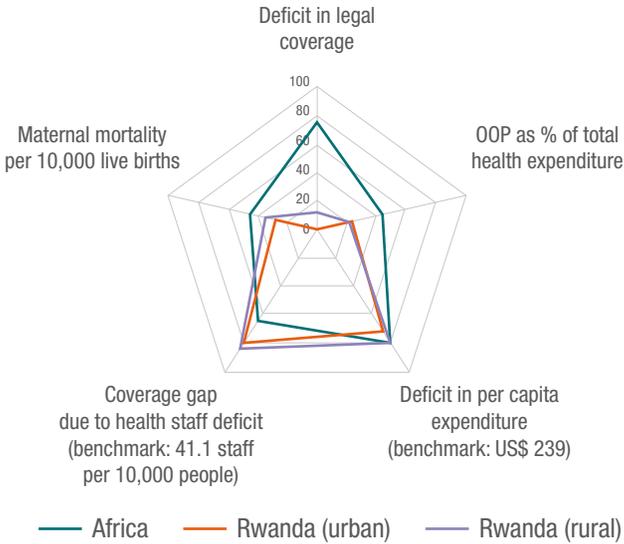
Declining enrolment rates. Even though health-care reforms in Rwanda helped to significantly increase coverage, there are still gaps in the implementation and universal coverage has not yet been achieved. In addition, enrolment rates have declined slightly since 2011, partly due to incorrect categorization of members in the Ubudehe system. Some members are categorized as wealthier than they actually are and tend to drop out; other members, while correctly classified, have experienced difficulties in paying the premiums due to seasonal or irregular incomes.

People also tend not to enrol unless they are in need of health care, a tendency reinforced by the fact that the waiting period of one month has not been strictly enforced. Moreover, some members may access health-care services without paying the entire premium and there is no penalty system for doing so. Greater use of technology and mobile applications could help improve compliance.

Staff and financial deficits. According to Recommendation No. 202, universal health protection should be based on entitlements prescribed by law and constitute services that meet the criteria of availability, accessibility and quality. Figure 44 makes use of five indicators to measure the deficits in effective access to health care in urban and rural Rwanda compared to Africa as a whole. While most Rwandan people were legally covered by health insurance in 2010, access to health services was still hampered for some 80 per cent of the population due to deficits in the professional health workforce and funds. The deficit of professional health workers, such as doctors, nurses and midwives, was partly compensated by the large number of CHWs who visit people's houses to monitor health events and support early intervention. However, improvements are needed to ensure effective and timely access to health care in Rwanda.

In addition to the insufficient number of skilled health workers, capacity-building is needed for health workers and managers. Distribution of health workers across regions must be made more equitable, especially between urban and rural areas.

Figure 44. Effective access to health care in Rwanda (2010)



Source: Scheil-Adlung, 2015.

The CBHI system’s low contribution rates have resulted in hospitals bearing large debts and patients having to buy drugs themselves from pharmacies without reimbursement. Further investments in the health-care system are needed at the national and district levels, with an upward adjustment of contribution rates to help build financial robustness and sustainability. At the same time, the challenge of a large informal sector with limited capacity to pay their contributions on a regular basis and make their co-payments needs to be considered.

Next steps. Rwanda has made great progress in providing health protection to its citizens through its focus on inclusion of the informal sector and the rural population. In this way, the CBHI system has supported the implementation of Rwanda’s economic development and poverty reduction strategy; however, more work is needed to address the current challenges in the health-care system. Some of these challenges, such as better financial management, greater efficiency and better provision of quality health care, are expected to be addressed through the recent transfer of the management of CBHI operations to the Rwanda Social Security Board.

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Guaranteed Medical Services pilot programme

Loveleen De and Artiom Sici

Summary

The Guaranteed Medical Services (GMS) pilot programme serves as the main instrument to deliver health care in Tajikistan. It is a state guarantee for a basic package of health-care services, provided free of charge to some vulnerable groups of people and on the basis of co-payments to others in pilot regions. The pilot regions include 19 districts and cities and have a population of 1.5 million people or 17 per cent of the total population. The benefit package mainly includes emergency medical care, primary health care, specialized health-care at an outpatient level, hospital-based care and birth assistance.

The GMS pilot programme is a product of intensive work carried out in recent years to reform and modernize the health-care sector in Tajikistan. It aims to improve the effectiveness and outreach of health-care services, universalize coverage by bringing more people into the health-care system and reduce out-of-pocket (OOP) payments.

A new compulsory medical insurance scheme, which is being prepared for implementation, is expected to deliver better financial protection for beneficiaries and improve the quality of health care.

Main lessons

- In a country where many people, especially in remote mountainous areas, still use traditional medical care, a basic health-care package such as the GMS programme can help to increase access to public health-care facilities.

- Since its inception, the GMS programme has been gradually expanded to different regions of the country and is planned to eventually cover the whole country (i.e. all 58 districts). This shows that universal health-care coverage can be achieved progressively in lower-middle income countries in line with their expanding fiscal capacity.
- The OOP expenditure in Tajikistan remains high, at 62 per cent of the country's total health expenditure, which highlights the need to establish a sustainable mechanism to financially protect and allow all people, especially the poor, to use medical care. This can be achieved through the provision of free, subsidized basic health care and introduction of the compulsory medical insurance scheme.
- In addition to guaranteeing a package of basic health-care services and ensuring financial protection, it is important to develop the supply-side infrastructure to increase the utilization of health-care services.

31.1 Public health programmes in Tajikistan

The health-care policy of Tajikistan aims to ensure people's access to affordable health care and quality nutrition, cultivate a healthy lifestyle and introduce high-tech medical services.

The GMS pilot programme currently serves as the main instrument of health-care delivery in Tajikistan. The Law on Compulsory Medical Insurance (Law No. 408) was passed on 18 June 2008; however, its implementation has been postponed several times. Most recently, it has been postponed to 2021 due to challenges in identifying sources of financing. Once implemented, it is expected to provide affordable primary and higher health-care services and medicines to every insured person.

31.2 GMS programme

The GMS programme was first developed in 2005 by the Ministry of Health¹ as the State Guarantee Benefit Package, when it guaranteed free preventive health services and supplementary health services based on co-payments. The

¹ As part of a health-care sector reform, the Ministry of Health was transformed into the Ministry of Health and Social Protection of the Population in 2013-14.

primary point of contact is the family doctor, whose role is to provide basic health services and referrals for secondary and tertiary health services. The State Guarantee Benefit Package helped people to approach primary health-care establishments rather than rely on traditional healers.

Since 2005, the State Guarantee Benefit Package has been reformed and expanded in stages. After its most recent phase of expansion in January 2017 as the GMS programme, it currently covers 19 districts and cities, including Nurek, Tursunzoda, Istaravshan, Dangara and Rasht (see figure 45). It is planned to be implemented in other regions of the country over time.

Legal framework. The GMS programme is supported by the following main legislation:

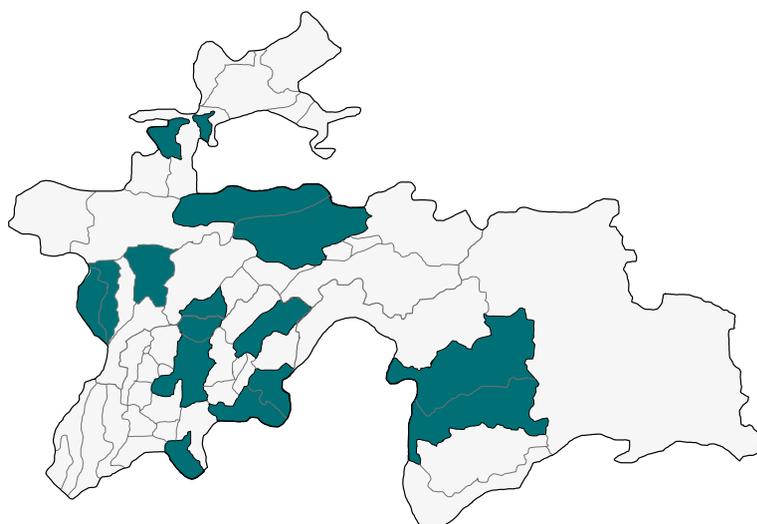
- (a) Healthcare Code No. 1413 of 30 May.2017, which regulates the activities of public and private health service providers;
- (b) Government Decree No. 90 of 25 February 2017, entitled "Programme of State Guarantees for Provision of Health Care in the Pilot Areas of the Republic of Tajikistan for 2017-19", which stipulates the eligible beneficiary groups and benefit package.²

Coverage. The GMS programme is currently being implemented in 19 districts and cities of Tajikistan. According to the latest data, it covers 1,533,900 persons or 17 per cent of the total population (Tajikistan, 2015).

Health-care services are provided either free of charge or on the basis of co-payments by patients. The categories of people who qualify for free health-care include war veterans, military personnel with disabilities, citizens affected by the Chernobyl incident, people with disabilities caused by employment-related injuries, children with disabilities and adults living with disabilities since childhood, children without parental care, infants, pregnant women undergoing regular health check-ups, low-income citizens and citizens over the age of 80. Children with common childhood diseases and patients suffering from leprosy, tuberculosis, AIDS and other specified illnesses are also entitled to free health-care.

All other people in the geographical areas covered can receive health-care services on the basis of co-payments.

² Previous decrees supporting the GMS programme spanned a period of 2 or 3 years each, with the last decree being valid for the period 2014-16.

Figure 45. Coverage of GMS in Tajikistan, 2018

Source: Tajikistan, 2017.

Service delivery. In Tajikistan, health-care services are provided at four levels: village, district or city, regional and national. At the village level, primary health care is provided by family doctors, paramedics, nurses and midwives in health-care centres. At the district or city level, family doctors and specialists provide outpatient services. Secondary and tertiary health-care services are provided at the regional and national levels. Family doctors play an important role in encouraging patients to approach the public medical system.

Benefit package. Under the GMS programme, patients are entitled to emergency medical care, primary health care (including prevention, diagnosis, treatment and medical examination for conscripts), specialized health care at an outpatient level, medicines and vaccinations at an outpatient level, immunization, hospital-based care, childbirth assistance for pregnant women who have had regular examinations, dental care, assistive devices and rehabilitation for people with disabilities, and sanitary and hygiene measures as well as anti-epidemic measures.

People suffering from some infectious diseases and common childhood illnesses are entitled to free medication and treatment under special programmes, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria; the directly observed treatment, short-course for Tuberculosis (DOTS); and the Integrated

Management of Childhood Illness (IMCI) guidelines to reduce child mortality and promote children's well-being and growth.

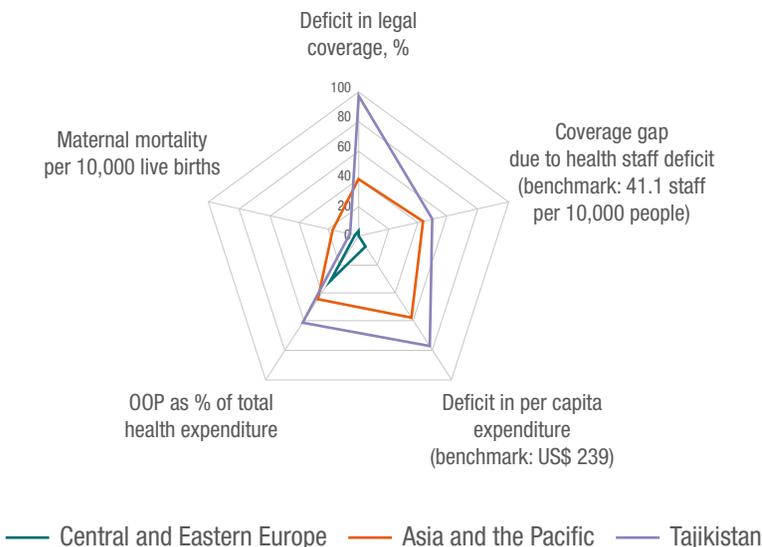
Financing and operations. GMS is financed by the state budget and through co-payments by patients. The State health budget for 2018 stood at 2.3 per cent of gross domestic product (GDP). Decree No. 90 makes provisions for additional financing, whenever possible, from local executive bodies, international donors and other sources that are in harmony with national legislation.

The Ministry of Health and Social Protection of the Population oversees the GMS programme.

31.3 Health indicators in Tajikistan

According to ILO Recommendation No. 202, universal health protection should be based on entitlements prescribed by law and constitute services that meet the criteria of availability, accessibility, acceptability and quality. Figure 46 shows five indicators used to measure the deficits in effective access to health care in Tajikistan, compared with the average for Central and Eastern Europe and Asia and the Pacific.

Figure 46. Effective access to health care in Tajikistan



Source: ILO, 2017; WHO, 2015.

The GMS is not enshrined in law but promulgated by a Decree for the period 2017-19. The Law on Compulsory Medical Insurance (No. 408) was passed on 18 June 2008, however it has yet to be implemented. There were 20.8 qualified doctors for every 10,000 people in 2015, about half the international benchmark.

In 2013, total health expenditure amounted to 6.6 per cent of GDP: 1.9 per cent of public expenditures, 4.1 per cent of OOP expenses and 0.6 per cent of donor assistance. A large share of total expenditure is made up of OOP, which can have devastating impacts on families as income levels are already low (ILO, 2018a). The total per capita health expenditure in Tajikistan was US\$193 and the per capita public health expenditure was estimated at US\$58, which is below the international benchmark of US\$239. One of the main challenges facing the health-care sector in Tajikistan is long-term underfunding (WHO, 2015).

31.4 Challenges and way forward

Despite stipulating a package of basic health-care services in the Decree, supply-side issues limit the effective access to health-care. For example, medical equipment is often poorly maintained due to a lack of skilled workers, mountainous terrain covering most of the country makes travelling to health centres difficult and available medicines are of poor quality. Furthermore, the prices of medicines are not regulated, making essential medicines expensive.

Information about healthcare services is not easily available to the people. Steps are being taken to implement a modern information and communication technology system and to train family doctors in an effort to increase people's utilisation of primary healthcare. Above all, the major barrier lies in limited fiscal resources, leading to low public health expenditure and consequently, high OOP expenses by patients.

GMS currently covers 1.5 million people in the designated geographical areas or 17 per cent of the total population. The programme is being gradually expanded to other parts of the country. At the same time, measures are needed to establish a sustainable programme that would allow all people, especially the poor, to access quality and specialized medical care. This can be achieved through the introduction of the Compulsory Medical Insurance scheme.

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How universal health coverage was achieved

Thibault van Langenhove and Lou Tessier

Summary

In less than two years, Thailand implemented a health protection scheme covering 76 per cent of its population (about 47 million people).

The successful launch of the Universal Health-care Coverage Scheme (UCS) in 2001 benefited from the convergence of three factors: political commitment, civil society engagement and technical expertise. The UCS is a tax-financed scheme that provides free health care at the point of service. The benefit package is comprehensive and includes general medical care and rehabilitation services, high-cost medical treatment and emergency care.

The UCS covers persons previously served by a collection of piecemeal schemes and persons without health protection, especially in the informal sector, representing 30 per cent of the population.

The scheme has increased access to health services and reduced the incidence of catastrophic health expenditures. While it is not dedicated to the poor, its universal nature has pro-poor impacts. For example, the UCS benefits the lowest income quintile of the population more than any other segment.

Main lessons

- Civil society can play an important role in extending social protection to all by raising awareness among the population and actively lobbying politicians.
- Strong political commitment is crucial for the extension of social protection to all and has been clearly established as a priority in Thailand.

- A universal scheme can include cost-containment mechanisms to ensure its affordability and long-term financial sustainability.
- The application of the universality principle and an emphasis on equity can result in pro-poor impacts.
- The implementation of the first guarantee of the social protection floor in Thailand has helped to develop the health-care infrastructure and has generated a positive macroeconomic impact.
- Embedding the UCS in national law has made the human right to health care an enforceable legal right and has contributed to ensuring regular budgetary allocations and the institutionalization of UCS implementation structures, thus helping to make the scheme more sustainable.

32.1 Political commitment, civil society engagement and technical expertise shaped the UCS

The right of every Thai citizen to access health care and the right of the poor to free health care are addressed in the country's 1997 and 2007 Constitutions. However, despite the gradual extension of health coverage since the 1970s and several pro-poor social protection and health policies, 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 health care. In addition, in 2001, out-of-pocket payments accounted for one third of total health expenditures.

Since the late 1990s, a group of reformists in the Ministry of Public Health and the Health Systems Research Institute had been documenting health inequities and developing evidence-based policy options to tackle them. Building on that knowledge and active communication, in October 2000 a group of 11 Thai NGOs formed a united front and declared their intention to support universal coverage.

The political window of opportunity came during the 2001 national election, when the campaign slogan of one of the contending parties, "30 baht treats all diseases", captured public attention. Following the election, the Government was eager to move quickly to consolidate public support and established bold financing reforms to achieve universal health coverage within one year. The UCS was launched in six provinces in April 2001, in an additional 15 provinces by June 2001 and nationwide by April 2002.

The stated goal of the UCS is “to equally entitle all Thai citizens to quality health care according to their needs, regardless of their socioeconomic status”. This goal is based on the universality principle: the UCS was conceived as a scheme for everybody, not one that targets the poor, vulnerable and disadvantaged.

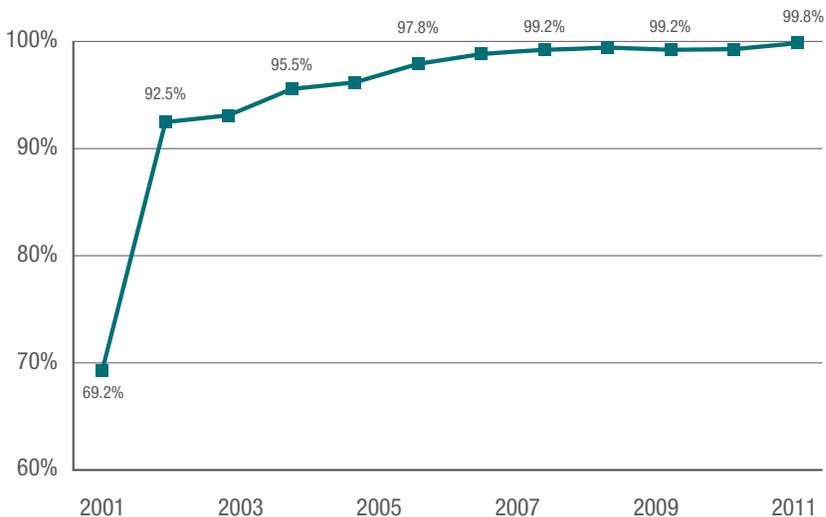
32.2 UCS covers 76 per cent of Thai people through a comprehensive benefit package

The principle of the UCS is simple: it aims to cover the 76 per cent of the population not covered by other social health protection schemes, such as the Social Security Scheme (SSS) for private-sector employees and the Civil Servant Medical Benefit Scheme (CSMBS) for government employees and government retirees, as well as their spouses, dependants under 20 years old and parents.

Three features define the UCS:

- (a) It is a tax-financed scheme providing free health care at the point of service (the initial co-payment of 30 baht per visit or admission was terminated in November 2006);

Figure 47. Social health protection coverage in Thailand, 2001-12



Source: Thailand, National Health Security Office, 2013.

- (b) It has a comprehensive benefit package with a focus on primary care;
- (c) The budget is allocated based on a capitation payment mechanism for outpatient care and a global allocation based on diagnosis-related groups for inpatient care.

From the outset of the scheme, the package has been almost identical to that of the SSS, covering outpatient, inpatient and accident and emergency services; dental and other high-cost care; and diagnostics, special investigations, medicines (at least including those in the national list of essential medicines) and medical supplies. The UCS also includes preventive and health-promotion services.

To control the cost and ensure the financial sustainability of the scheme, which requires more resources from year to year, a fixed annual budget and a cap on provider payment were installed. The approved annual capitation rate tends to be lower than the amount requested by the health-care facilities, putting pressure on them to contain costs. Even so, the budget allocated to support the scheme has increased steadily every year. Although the total number of UCS members remained constant between 2002 and 2011, at about 47 million, the UCS budget rose from 1,202.4 baht per capita in 2002 to 2,693.5 baht per capita in 2011, mostly driven by increased utilization and the rising labour and material costs of providing medical and health services.

The development of the UCS was achieved in parallel with a significant expansion and improvement of the health-care supply side in order to ensure that health-care facilities could absorb the increased demand for services.

The UCS design called for radically different governance, organizational and management arrangements in order to ensure more transparency, responsiveness and accountability. The National Health Security Act, promulgated in November 2002, mandated the establishment of the National Health Security Office (NHSO) and its governing body, the National Health Security Board, chaired by the Minister of Public Health.

The NHSO is responsible for the implementation of the UCS and hosts a common registry based on the Ministry of Interior's population database. This registry is shared with other social health protection organizations. Combined with the use of smart cards to identify entitlements at delivery points, this central database is crucial to ensuring the coverage of the entire population and preventing fraud. It has also allowed the NHSO to produce data on the use of health services so as to request an appropriate budget allocation and thereby better serve the population.

32.3 Improved access to health care and contributions to economic growth

There has been a gradual increase in the use of health services due to UCS. The number of outpatient visits rose from 2.45 in 2003 to 3.22 in 2010, while the number of hospital admissions per member rose from 0.094 in 2003 to 0.116 in 2010. Empirical evidence shows that this increase is particularly salient among poor segments of the population, particularly at health centres and district and provincial hospitals.

The share of catastrophic health expenditures (defined as out-of-pocket payments for health care exceeding 10 per cent of total household consumption expenditure) dropped from 6.8 per cent in 1996 to 2.8 per cent in 2008 among UCS members in the poorest quintile, and from 6.1 per cent to 3.7 per cent among members in the richest quintile. Furthermore, an analysis conducted at national, regional and provincial levels concluded that there was a decreasing trend in the number of health-impovertised households with one or more UCS members and that the degree of poverty reduction in this group was stronger than the overall trend in the same period.

Moreover, the UCS contributed significantly to the development of Thailand's health information system through hospital's electronic discharge summaries for the reimbursement of diagnosis-related groups, accurate beneficiary datasets and data-sharing.

Public expenditures on goods such as medicines and medical supplies have had spillover effects in various sectors, in particular the chemical, trade, electricity and water, mining and quarrying, and transportation and communication sectors.

32.4 Next steps

The NHSO's health expenditure projections until 2020 indicate that total health expenditure as a percentage of GDP will continue to increase, mainly due to the ageing of the population. To ensure the financial sustainability of the system, new measures will need to be explored. A long-term care system with an appropriate financing strategy must also be developed to address the long-term care needs of people and to avoid overburdening public hospitals.

Furthermore, there is a need to progressively harmonize benefit packages and provider payment mechanisms across the UCS, the SSS and the CSMBS to

reduce fragmentation, address equity issues and facilitate greater cooperation, including via a shared registry.

Finally, the unequal distribution of health-care facilities between rural and urban areas and across regions affects people's access to health care. New incentives should be introduced to attract medical personnel, especially skilled personnel, to work in rural areas in order to reduce these imbalances.

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PART

V

Financing
and creating
fiscal space
for social
protection

FROM ARGENTINA TO ZAMBIA

Increasing fiscal space for social protection

Isabel Ortiz, Matthew Cummins and Kalaivani Karunanethy

Summary

It is often argued that social protection is not affordable or that government expenditure cuts are inevitable during adjustment periods.

But there are alternatives, even in the poorest countries. In fact, there is a wide variety of options to expand fiscal space and generate resources for social investments.

The eight financing options described in this brief are supported by policy statements of the United Nations and international financial institutions.

Many governments around the world have been applying them for decades, showing a wide variety of revenue choices as well as creativity to address vital social investment gaps.

Main lessons

There is national capacity to fund social protection in virtually all countries. There are many options, supported by United Nations (UN) and International Financial Institutions (IFIs) policy statements:

1. Expanding social security coverage and contributory revenues
2. Re-allocating public expenditures
3. Increasing tax revenues
4. Lobbying for aid and transfers

Table 12. Examples of fiscal space strategies in selected countries

	Bolivia	Botswana	Brazil	Costa Rica	Lesotho	Iceland	Namibia	South Africa	Thailand
Re-allocating public expenditures				X	X	X		X	X
Increasing tax revenues	X	X	X		X	X	X		X
Expanding social security contributions			X	X	X		X	X	X
Reducing debt/debt services	X	X	X	X	X	X		X	X
Curtailing illicit financial flows						X			
Increasing aid							X		
Tapping into fiscal reserves	X	X	X						
More accommodative macro framework	X		X						X

Source: Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries. ILO, UNICEF and UNWOMEN.

5. Eliminating illicit financial flows
6. Using fiscal and foreign exchange reserves
7. Borrowing or restructuring existing debt
8. Adopting a more accommodative macroeconomic framework.

Over the past 100 years many countries have explored a variety of practical solutions to the challenges of raising fiscal space for social protection. For each option this brief provides some relevant country examples.

Given the significance of social protection for human development and the SDGs, it is indeed imperative that governments explore all possible means of expanding fiscal space to promote the SDGs and national development through jobs and social protection.

33.1 Eight financing options can help expand fiscal space for social protection

Today 55 percent of the world's population do not benefit from any social protection cash benefit and 40 percent lack access to essential health services. This

massive social protection gap is associated with a significant underinvestment in social protection.

However, governments have eight financing options to expand their fiscal space for social protection:

1. Expanding social security coverage and contributory revenues:

Increasing coverage and therefore collection of contributions is a reliable way to finance social protection, freeing fiscal space for other social expenditures; social protection benefits linked to employment-based contributions also encourage formalization of the informal economy, a remarkable example can be found in Uruguay's Monotax. Argentina, Brazil, Tunisia and many others have demonstrated the possibility of broadening both coverage and contributions

2. Re-allocating public expenditures: This is the most orthodox approach, which includes assessing on-going budget allocations through Public Expenditure Reviews (PERs) and other types of thematic budget analyses, replacing high-cost, low-impact investments with those with larger socio-economic impacts, eliminating spending inefficiencies and/or tackling corruption. For example, Egypt created an Economic Justice Unit in the Ministry of Finance to review expenditure priorities, and Costa Rica and Thailand shifted military spending to finance universal health services.

3. Increasing tax revenues: This is clearly the principal channel for generating resources, which is achieved by altering different types of tax rates – e.g. on consumption, corporate profits, financial activities, property, imports/exports, natural resources – or by strengthening the efficiency of tax collection methods and overall compliance. Many countries are increasing taxes for social investments, not only on consumption, which is generally regressive and counter to social progress, but also on other areas. For example, Bolivia, Mongolia and Zambia are financing universal pensions, child benefits and other schemes from mining and gas taxes; Ghana, Liberia and the Maldives have introduced taxes on tourism to support social programs; and Brazil introduced a tax on financial transactions to expand social protection coverage.

4. Lobbying for aid and transfers: This requires either engaging with different donor governments or international organizations in order to ramp up North-South or South-South transfers. Despite being much smaller than traditional volumes of ODA, bilateral and regional South-South transfers can also support social investments and warrant attention.

5. Eliminating illicit financial flows: Estimated at more than ten times the size of all ODA received, a titanic amount of resources illegally escape developing countries each year. To date, little progress has been achieved, but policy-makers should devote greater attention to cracking down on money laundering, bribery, tax evasion, trade mispricing and other financial crimes that are both illegal and deprive governments of revenues needed for social and economic development.

6. Using fiscal and central bank foreign exchange reserves: This includes drawing down fiscal savings and other state revenues stored in special funds, such as sovereign wealth funds, and/or using excess foreign exchange reserves in the central bank for domestic and regional development. Botswana, Chile, Mongolia, Norway, Timor Leste and Venezuela, among others, are tapping into fiscal reserves for social investments.

7. Borrowing or restructuring existing debt: This involves active exploration of domestic and foreign borrowing options at low cost, including concessional, following careful assessment of debt sustainability. For example, South Africa issued municipal bonds to finance basic services and urban infrastructure. Social Impact Bonds could also generate new funds for the social sector. For countries under high debt distress, restructuring existing debt may be possible and justifiable if the legitimacy of the debt is questionable and/or the opportunity cost in terms of worsening deprivations of vulnerable groups is high. In recent years, more than 60 countries have successfully re-negotiated debts, and more than 20 have defaulted/repudiated public debt, such as Ecuador, Iceland and Iraq, directing debt servicing savings to social programs.

8. Adopting a more accommodating macroeconomic framework: This entails allowing for higher budget deficit paths and/or higher levels of inflation without jeopardizing macroeconomic stability. A significant number of developing countries have used deficit spending and more accommodative macroeconomic frameworks during the global recession to attend to pressing demands at a time of low growth and to support socio-economic recovery.

Each country is unique, and all options should be carefully examined, including the potential risks and trade-offs, and considered in national social dialogue. Given the importance of public investments for human rights and inclusive development, it is imperative that governments explore all possible alternatives to expand fiscal space to promote national socio-economic development with jobs and social protection.

33.2 Social dialogue is fundamental to generate political will to exploit all potential options

National social dialogue is best to articulate optimal solutions in macroeconomic and fiscal policy, the need for job and income security and human rights. While in some countries, national development strategies and their financing sources have been shaped through social dialogue, in many other countries this has not been the case. Public policy decisions have often been taken behind closed doors, as technocratic solutions with limited or no consultation, resulting in reduced social investments, in lack of public ownership, adverse socio-economic impacts and, frequently, civil unrest.

National tripartite dialogue, with government, employers and workers as well as civil society, academics, United Nations agencies and others, is fundamental to generate political will to exploit all possible fiscal space options in a country, and adopt the optimal mix of public policies for inclusive growth and social justice.

Questions to consider on fiscal space options during national dialogue include:

i. Reprioritizing Public Spending: *Can government expenditures be re-allocated to support social investments that empower vulnerable households?* Are, for example, current military, infrastructure or commercial sector expenditures justified in light of existing poverty rates? Has a recent study been conducted to identify measures to enhance the efficiency of current investments, including steps to tackle and prevent corruption and the mismanagement of public funds?

ii. Increasing tax revenues: *Have all taxes and possible modifications been considered to maximize public revenue without jeopardizing private investment?* Are personal income and corporate tax rates designed to support equitable development outcomes? What specific collection methods could be strengthened to improve overall revenue streams? Could minor tariff adjustments increase the availability of resources for social investments? Is natural resource extraction adequately taxed? Can tax policies better respond to “boom” and “bust” cycles? Have financial sector taxes been considered to support productive and social sector investments? Has there been any attempt to earmark an existing tax or introduce a new one to finance specific social investments – taxes on property, inheritances, tourism, tobacco, etc.?

iii. Expanding social security coverage and contributory revenues: *What is the percentage of workers contributing to social security?* Can contributions to social security be extended to more workers? Are current

contribution rates adequate? Is there scope to introduce innovations (e.g. like Monotax in Latin America) to encourage the formalization of workers in the informal sector?

iv. **Lobbying for increased aid and transfers: *Has the government delivered a convincing case to OECD countries for increased aid, including budget support, to support the scaling up of social investments?*** Has there been any formal or informal attempt to lobby neighboring or friendly governments for South-South transfers?

v. **Eliminating illicit financial flows: *Has a study been carried out or a policy designed to capture and re-channel illicit financial flows for productive uses?*** What can be done to curb tax evasion, money laundering, bribery, trade mispricing and other financial crimes are illegal and deprive governments of revenues needed for social and economic development?

vi. **Using fiscal and foreign exchange reserves: *Are there fiscal reserves, for example, sitting in sovereign wealth funds that could be invested in poor households today?*** Are excess foreign exchange reserves being maximized and used to foster local and regional development?

vii. **Borrowing or restructuring debt: *Have all debt options been thoroughly examined to ramp up social investments?*** What are the distributional impacts of financing government expenditures by additional borrowing? Have different maturity and repayment terms been discussed with creditors? Has a public audit been carried out to examine the legitimacy of existing debts?

viii. **Adopting a more accommodating macroeconomic framework: *Is the macroeconomic framework too constrictive for national development?*** If so, at what cost macroeconomic stability? Could increasing the fiscal deficit by a percentage point or two create resources that could support essential investments for the population? Are current inflation levels unduly restricting employment growth and socio-economic development?

Lastly, have all options been carefully examined and discussed in an open social dialogue? Have all possible fiscal scenarios been fully explored? Is there any assessment missing from the national debate? Are all relevant stakeholders, government, employers, workers, civil society, academics, United Nations agencies and others, being heard and supportive of an agreement that articulates an optimal solution in macroeconomic and fiscal policy, the need for job and income security and human rights?

A good starting point for country level analysis is a summary of the latest fiscal space indicators for 187 countries, available in Annex I of the paper Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries.

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Monotax contributions to increase coverage and formalization

Fabio Durán-Valverde

Summary

An alliance between social security and the tax collection authority promotes formalization and extends social security to independent workers.

An administrative alliance between the tax authority and the social security institution, created in order to establish a simplified and unified collection scheme for small contributors, allows for extended coverage to companies that usually pay taxes but are outside the social security contributory system, or vice versa, are inside the social security system but do not usually pay taxes.

The Monotax is a simplified tax collection/payment scheme for Uruguayan small contributors. Persons covered by the Monotax regime are entitled to the same social security benefits as salaried workers. The Monotax has proven to be an effective tool for the formalization of micro-enterprises and small enterprises, as well as for the extension of social security coverage to independent workers, especially women.

Main lessons

- The simplification of registration, the collection of contributions and the provision of service is increasing social security coverage.
- More flexible financing mechanisms can contribute to the formalization of the informal economy.
- Monotax has demonstrated the potential for a strategic alliance between social security institutions and tax authorities.

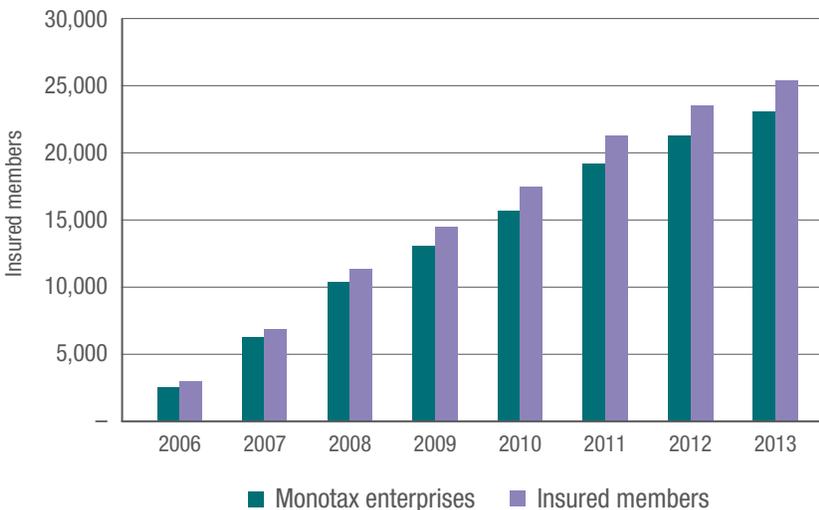
- One of the salient features of the Monotax is its impact in terms of gender: women working in micro- and small firms, whether as employees or as employers, have the opportunity to be formalized and included in social security.
- The Monotax offers a solution to tackle the issue of low contributory capacity of informal economy workers.
- The Monotax is a successful model that is being implemented in other developing countries.

34.1 How was the Monotax set up?

The high level of coverage achieved by the Uruguayan social security system is largely the result of the nation's ability to introduce continuous innovations. The Monotax regime is an example of one of the innovations that has contributed to employment formalization and social security extension.

Innovating for social security expansion. In early 2000, most Uruguayan independent workers were excluded from social security coverage, mainly due to an inadequate legal framework and administrative procedures.

Figure 48. Uruguayan Social Security Institute: Registration of Monotax enterprises and insured members



Source: Naranja Sotelo, M., 2014.

The Monotax was enacted in 2001, but six years after its introduction its goals had not been achieved. In 2006, only 17.6 per cent of independent workers were covered by the social security system; therefore, the Monotax scheme undertook a profound reform. The changes, implemented in 2007, eliminated several restrictions on the conditions for joining the scheme, including place of activity, type of activity (such as “de facto” enterprises or not formally constituted businesses) and maximum billing, among other things.

It is worth mentioning that in 2011 the Social Monotax (Monotributo Social or MIDES) was created as a special Monotax regime for one-person enterprises and joint entrepreneurship. The Social Monotax can be accessed by individuals in households earning below the poverty line or in situations of socio-economic vulnerability.

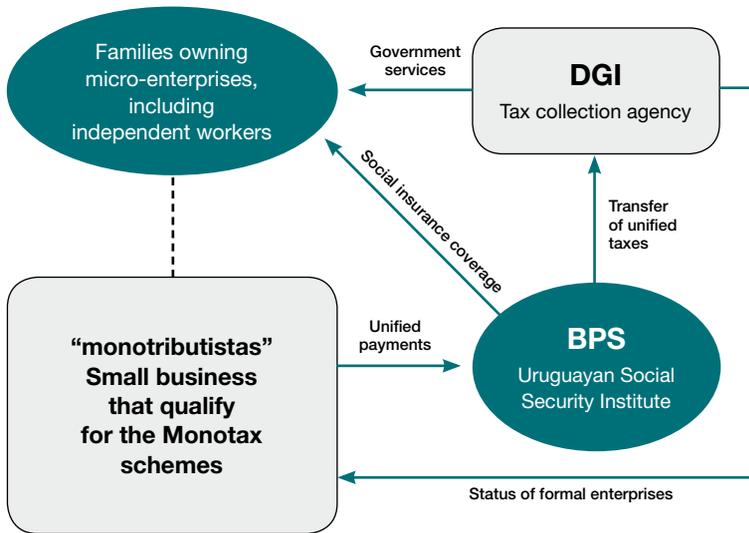
34.2 What does the Monotax look like?

- (a) **Tackling the informal economy.** The Monotax was introduced in Uruguay in 2001 as an instrument to formalize the informal economy and to reduce the exclusion of independent workers from social protection. It is a combined tax and social security contributions collection method for independent workers with limited turnover and with small commercial activities. It focuses on boosting social security coverage in the informal economy;
- (b) **How does it work?** Small businesses that fall into the category of Monotax contributors can choose between paying a “Monotax” (unified contribution) on revenue generated by their activities (known as the Monotributo in Uruguay) or paying the ordinary social security contributions and normal taxes (with the exception of import taxes). Monotax contributions are collected by the Uruguayan Social Security Institute (Banco de Previsión Social or BPS) and the share corresponding to tax payments is transferred by the BPS to the fiscal authority. The remaining fraction is used by the BPS to finance social security benefits for those members affiliated through the scheme and their families.

Monotax members include one-person businesses, de facto non-family companies formed by a maximum of two partners with no employees, enterprises formed exclusively by family members (provided the number of partners is not more than three) and companies with no salaried workers, provided that they have a small income. More specifically:

- (a) **Services and benefits.** The micro-entrepreneurs who join the scheme are automatically entitled to the benefits of the contributory social security system (except for unemployment protection). There is some flexibility to encourage affiliation: while the contribution to pension coverage is mandatory, affiliation in the health insurance regime is voluntary and entrepreneurs can choose to make voluntary contributions to protect their children and spouse;
- (b) **Gradualism.** Contribution payments under the Monotax for pension insurance are gradually applied to new companies; they have three years to gradually meet the full contribution rate.

Figure 49. Monotax scheme in Uruguay



34.3 Formalizing the informal economy and impacting people’s lives

Thanks to the innovative reforms of Monotax, in less than three years from the effective date of the new law (June 2007) the number of firms and workers covered by the scheme has tripled.

The Monotax scheme has proven to be an effective instrument for the formalization and inclusion of independent workers into the social security system. Studies have shown that its implementation has reached the low-income groups of the population. More than 30 per cent of potential Monotax payers are cov-

ered by the Uruguayan social security system and more than 20,000 active enterprises are covered by the scheme. Although there is still a long way to go in terms of the extension of coverage, the implementation of the Monotax scheme has contributed to the goal of universalization.

Gender impact. Although this scheme is opened to both men and women, Monotax enterprises include a greater proportion of women, either as salaried workers or as employers. Women make up nearly 60 per cent of Monotax affiliates.

34.4 What's next?

The creation of the Monotax and its amendments has achieved the objective of extending social security. However, some challenges remain. The coverage rate of independent workers in Uruguay is one of the highest in Latin America, but its levels remain far below 100 per cent.

The main challenge is to reach some sections of micro-enterprises that have not been reached by the existing Monotax schemes. In particular, the Social Monotax is an interesting option for reaching the poorest and most vulnerable groups in the informal economy.

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THE PLURINATIONAL STATE OF BOLIVIA

Taxation of natural resources

Stefan Urban

Summary

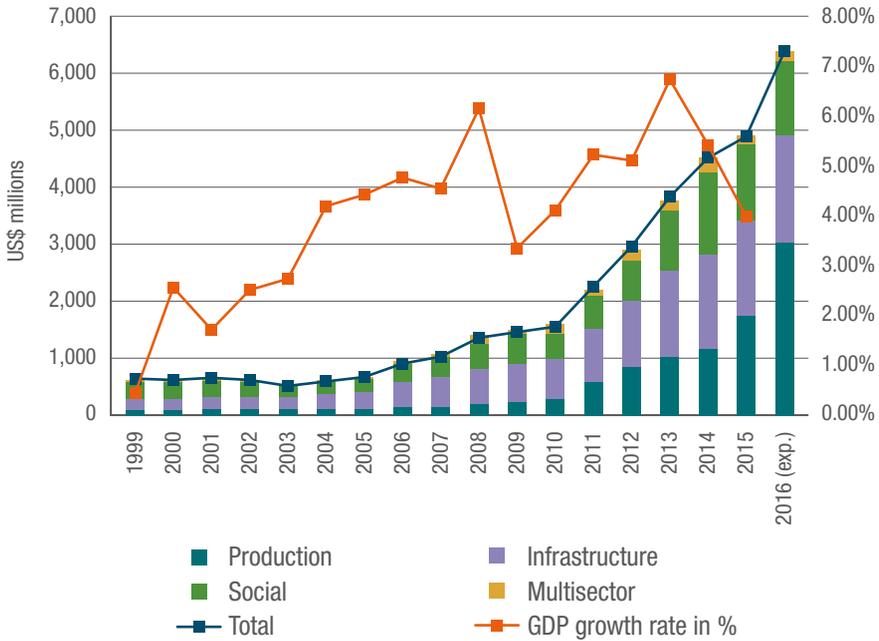
The Plurinational State of Bolivia is an example of how a country with natural resources can create fiscal space to expand social protection and can generate government revenues to support social and socio-economic development and help mitigate inequality and reduce poverty.

The Plurinational State of Bolivia's annual economic growth averaged 4.9 per cent between 2004 and 2014, while the poverty rate fell from 59 per cent in 2005 to 39 per cent in 2014. The Gini index fell from 0.6 to 0.47 in the same period, while social spending increased significantly, as indicated in figure 50. The Plurinational State of Bolivia's development over the last decade is closely linked to policy changes regarding its natural resource extractive industries.

Main lessons

- Countries rich in natural resources can boost their social protection system through the taxation of natural resources, thereby increasing government revenues and supporting the expansion of social protection expenditures.
- The earmarking of government income from natural resources can directly link the allocation of funds to social protection programmes.
- The process of increasing social expenditures was accompanied by a transparency initiative that requires local and national governments to disclose their revenues and transfers. Civil society organizations in parallel conduct monitoring of company payments to the State and the management of related revenue at the national and subnational levels.

Figure 50. Public investment spending (US\$ millions, nominal) and annual GDP growth (percentage) in the Plurinational State of Bolivia, 1999-2015



- Through the taxation of natural resources and the expansion of social protection spending, the Government managed to reduce poverty rates and inequality, while also supporting economic growth.

35.1 Natural resource extraction tax and global trends

Adjusting the taxation of extractive industries is a strategy many countries have used to increase fiscal space. Due to the rise of commodity prices during the past decade and a sharp increase in profits among the world’s largest mining companies, a number of governments around the world have reviewed their shares in the distribution of the rents. The United Kingdom increased the supplementary tax on oil production in 2011, while the Government of Australia, against heavy opposition from the booming mining sector, introduced a mineral resource rent tax of 22.5 per cent in 2012.

Countries around the world are revising the regulatory environment for extractive industries. In recent years, discussions among different stakeholders on reforming tax and ownership regimes were held in Brazil, the Democratic Republic of the Congo, India, Mali, Mozambique, the Philippines, South Africa and the United States. In South Africa, for instance, there have been extensive debates on the nationalization of the mining sector, with the conclusion that a fairer redistribution of mining profits can be achieved through the introduction of a resource rent tax of 50 per cent and the creation of a state mineral company to develop strategic minerals.

While developed economies have a broad base from which to collect taxes and social security contributions to finance social protection, developing countries often struggle to generate government revenues through the collection of taxation and contributions. Tax authorities tend to be weak and taxation systems often lack transparency, while a relatively large share of the population is employed in the informal sector, making it difficult and costly to collect social security contributions and income taxes. This also limits the opportunities for implementing redistributive policies to reduce inequality and poverty.

In many developing countries, collecting higher public revenues through rents from natural resources and extractive industries is of particular importance for the financing of development. Developing countries can raise revenues either by directly extracting the natural resources through a state-owned enterprise, by establishing joint ventures or other forms of co-extraction, or by selling the exploitation rights and taxing the profits of a single industry. Both avenues can provide revenues for social and socio-economic development.

35.2 Taxing hydrocarbons in the Plurinational State of Bolivia

The Plurinational State of Bolivia is the second largest supplier and largest exporter of natural gas in South America. Over the past 10 years, natural gas production in the Plurinational State of Bolivia increased from 2.8 billion cubic metres in 1998 to 13.9 billion cubic metres in 2008. Hydrocarbon revenues contributed to 35 per cent of the country's gross domestic product (GDP) and 55 per cent of total exports in 2013.

Orthodox neoliberal policies in the 1980s resulted in the majority of the extractive industries being privatized and placed in the hands of foreign companies.

Producers earned high profits but paid little in royalty payments, leading to widespread dissatisfaction among the Bolivian population, which initiated an activist movement and the so-called “gas wars” that led to the resignation of President Sánchez de Lozada and a national referendum on the regulation of the distribution of hydrocarbon wealth. The previous share of 82 per cent of oil revenues for producers and 18 per cent for the State was equalized to a 50-50 share. The Plurinational State of Bolivia introduced stronger state control, beginning in 2003 with the introduction of a direct tax on hydrocarbons (*impuesto directo a los hidrocarburos* or IDH) and the renegotiation of contracts. Revenues from the IDH and royalties increased from US\$338 million in 2004 to more than US\$726 million in 2005. In 2006, the newly elected president, Evo Morales, nationalized the Plurinational State of Bolivia’s oil and gas sectors and increased state royalties to 80 per cent, thus greatly increasing government revenues from the sector. Government revenues rose from US\$1.55 billion in 2006 to US\$2.7 billion in 2008 and to \$6 billion in 2014. Taxing hydrocarbons became a key to the Plurinational State of Bolivia’s national development, in particular its social development

As of 2006, Yacimientos Petroliferos Fiscales Bolivianos (YPFB), the country’s national oil company, was the only entity authorized to undertake activities for the exploration and sale of hydrocarbons. YPFB, consisting of mostly state-owned subsidiary companies, administers service contracts with international companies, including British Gas, Canadian Energy Enterprise, Pluspetrol, Bolivia Corporation S.A., Petrobras, Repsol YPF, Total and Vintage Petroleum. Investors initially threatened to take legal measures against the Bolivian State and to freeze their investments, but as the Government still offered attractive returns even after the new measures, most of them eventually signed the new agreements without taking legal action.

Another measure that contributed to the Plurinational State of Bolivia’s success in creating fiscal space for social and socio-economic development is the revenue transparency initiative, which requires local governments and the national Government to disclose their revenues and transfers. Civil society organizations conduct monitoring of company payments to the State and the management of related revenue at the national and subnational levels, thus supporting the oversight of government finances and the efficiency of social spending. All the rules regulating resource revenue-sharing with subnational authorities, including the earmarking of provisions and transfers to subnational authorities, are available online and for public consultation.

35.3 Hydrocarbon taxation and social protection

A portion of the revenue from hydrocarbon taxation is earmarked for the universal old-age pension scheme, *Renta Dignidad*, while additional portions are directed to other cash transfer programmes, such as the *Bono Juancito Pinto* programme for schoolchildren. Public spending increased in all areas, with a particularly high increase in social spending.

The *Bono Juancito Pinto* is a cash transfer in the Plurinational State of Bolivia whose beneficiaries are children attending public schools. It was established in 2006 with the aim of reducing dropout rates among students enrolled in government schools. Students were provided with an annual grant of 200 Bolivian bolivianos (BOB) (\$25) conditional on their attendance at school. Financing was derived entirely from the additional 32 per cent share of YPFB in total revenues from the hydrocarbon sector. In 2007 and 2008, YPFB and the state mining consortium (COMIBOL) financed 47 per cent of the programme and the treasury provided the remaining funds. In 2010, 1.6 million children received the *Bono Juancito Pinto* at a cost of US\$54 million, about 0.24 per cent of Bolivia's GDP.

From 1997 to 2007, Bolivian non-contributory benefits were provided through *Bolivia* and *Bonosol* for persons over 65. In 2007, the new programme known as *Renta Dignidad* was created, replacing *Bonosol* and providing universal social income for persons over 60. The programme started in 2008 and pays an annual benefit of US\$340 to those without a pension income and 75 per cent of that amount to those who have another existing pension. The programme is funded using up to 30 per cent of all IDH revenues, as well as from dividends from renationalized companies.

35.4 Conclusion

The increased taxation of the oil and gas industry enabled the Government to generate sizeable rents that are transferred to sectors and regions with developmental needs and supports the extension of social protection measures. Universal social pensions and other cash transfer schemes, such as the *Renta Dignidad* and the *Bono Juancito Pinto* programme, are financed through earmarked hydrocarbon tax revenues. The Plurinational State of Bolivia, thanks to its extractive industries, has managed to significantly reduce poverty and inequality, while also guiding its economy towards a positive development path, with annual growth rates averaging about 4.9 per cent since 2004.

Taxing natural resource extraction is one of the many alternatives that countries have to expand fiscal space for social protection. Governments normally use a mix of taxes and social security contributions to fund social protection, combined with other options (see Ortiz et al., 2015).

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Taxation of hydrocarbons

Stefan Urban

Summary

Botswana has transformed itself from one of the poorest countries in the world at the time of its independence in 1966 into an upper-middle income country in 1989. It has avoided the adverse impacts of the “resource curse” by establishing appropriate policy and governance and has advanced towards balanced and inclusive development by extending social benefits to the wider population, including a universal old-age pension.

The abundant natural resources of resource-rich countries can provide the foundation for development, supporting social and socio-economic spending, technological advancement and overall economic growth. Yet experience from around the world shows that being rich in natural resources may actually reduce a country’s development prospects (Sachs and Warners, 1995), as was the case for some countries in Africa such as Angola, the Democratic Republic of the Congo and Equatorial Guinea. Botswana successfully mitigated the risks encountered by resource-rich countries and managed to translate resource wealth into socio-economic development.

Main lessons

- Resource-rich countries can boost their social protection system through the taxation of natural resources, which increases government revenue and supports the expansion of social protection expenditures.
- The resource curse can be overcome by investing in social and socio-economic development, including social protection.
- Through the taxation of natural resources and the expansion of social protection spending, the Government managed to reduce poverty rates from

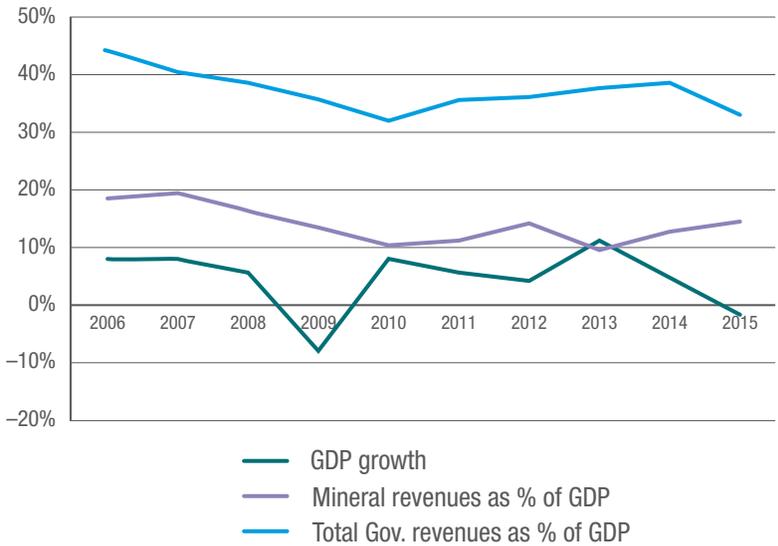
30.6 per cent in 2003 to 16.3 per cent in 2016 and to improve health indicators far above average African standards.

- To mitigate the risk of the depletion of natural resources and the reduction of this source of income, the Government established a sovereign wealth fund, known as the “Pula Fund”, aiming at preserving part of the income from mineral exports for future generations.

36.1 Background

Botswana has been one of the world’s fastest growing economies, averaging 5 per cent per year over the past decade. Since its independence in 1966, Botswana has transformed itself from one of the poorest countries in the world to an upper-middle income country with a GDP per capita of about US\$7,000 in 2016. Mining has long been a dominant sector of the Botswana economy and has been the largest contributor to GDP and government revenues. At the same time, economic diversification is under way and an increasingly important role is being played by other sectors, such as the services sector, construction and public investments.

Figure 51. Mineral and government revenues (as a percentage of GDP) and GDP growth in Botswana, 2006-2015



Source: Central Bank of Botswana, World Bank.

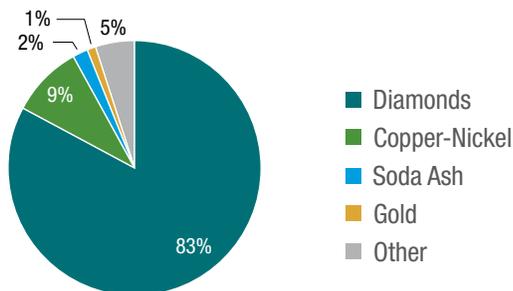
For most of the past 35 years, the mining sector has successfully driven GDP growth, contributed significantly to government revenues and made up a large proportion of export earnings. Mineral revenues grew from 11 billion pula (BWP) (US\$1.77 billion) in 2006 to BWP 21 billion (US\$2.1 billion) in 2015 and amounted to 34 per cent of government revenues in 2015.

Of total government revenues from the mining sector, 47.1 per cent was used to create fiscal space for social spending, including 18 per cent allocated to health, 22.3 per cent to education and 6.8 per cent to food and social welfare programmes such as community and social services.

This source of revenue helped to reduce the national poverty rate from 30.2 per cent in 2002 to 16.3 per cent in 2016, mainly through the financing of social protection programmes, including health care, non-contributory old-age pension, school feeding programmes and various social assistance programmes.

Botswana collects revenues from the mining sector through various mechanisms, including royalties, variable tax rates applicable to mining companies based on profitability, dividends and withholding taxes. The fiscal regime is set out in various laws and leaves little scope for project-by-project negotiation, thus contributing to the predictability and objectivity of the fiscal regime. Exploration contracts with mining companies have been typically set up as 50/50 joint ventures between the Government and the mining companies. In the case of diamond mining, for instance, the Government has a 50 per cent share in the mining business run by De Beers Group, an international mining company.

Figure 52. Composition of mineral exports from Botswana, 2012



Source: Koitsiwe and Adachi, 2015.

Mining of diamonds has been the largest contributor to GDP and exports. Diamonds have contributed on average well over 80 per cent of total export value in the last decade and 83 per cent in 2012. As shown in figure 49, copper/nickel, soda ash and precious metals (gold) also contribute to Botswana's GDP and export value. While government revenues from diamond mining peaked in 2017, a sharp fall is projected from 2021 onwards due to the depletion of the resource. With the decline of diamond mining and the recent discovery of large coal deposits in the country, coupled with increasing global coal demand, especially from South-East Asia, coal is likely to play an increased role in revenue generation in the future. At the same time, diversification of the economy will continue, with other non-mineral sectors increasing their role in the economy and in government revenue.

To ensure a smooth transition into less resource-rich times in the future, the Government established a sovereign wealth fund, known as the Pula Fund, in 1996. The fund aims to preserve part of the income from diamond exports for future generations. It currently holds investment assets at a market value of US\$6.9 billion, with 63 per cent invested in long-term fixed income and 37 per cent in equities.

36.2 The natural resource curse

While being rich in natural resources is perceived an advantage, reality shows that it often reduces the development prospects of a country (Sachs and Warners, 1995). Resource-rich countries often face the following four risks.

First, countries that rely heavily on exports of natural resources can suffer from the inflow of foreign currency, which leads to the appreciation of the national currency and makes the export of other goods less competitive internationally. If the benefits of the booming natural resource extraction industry are not shared sufficiently with the rest of the population, this will lead to lopsided development, benefiting a few and deteriorating the competitiveness of other industries. This risk is also known as "Dutch disease". Possible measures to mitigate or overcome the effects of Dutch disease include public investments, investments to support the competitiveness of other industries and investments in human capital, including investments in social protection (e.g.: health, education, social security).

Second, volatility in international prices and demand can lead to volatility in government revenues, creating uncertainty in medium- and long-term bud-

get planning, especially in countries where mineral resource revenues play a dominant role in government finances. Volatility will also affect foreign direct investment inflows as it is perceived as a risk that may reduce both local and foreign investments. These volatility-related effects are often referred to as “volatility risk”. A possible solution to volatility risk is to delink government expenditure and revenue, such as by setting up a stabilization fund that serves as a savings pool during economic booms and as a building reserve during economic downturns, thus enabling the government to act in a contra-cyclical stabilizing manner. Another measure to mitigate the volatility risk is to diversify government income and decrease dependency on one particular income source.

Third, weak government institutions can increase the likelihood that natural resources and their respective government income will be mismanaged. The presence of natural resources may in fact weaken or corrupt government and lead to a lack of transparency and accountability. There is also evidence that natural resources provoke internal conflicts (such as civil wars and coups), which will eventually lead to additional scope for mismanagement. This risk is referred to as the “governance risk”. Fiscal and political decentralization as an institutional arrangement for natural resource rent-sharing within a country can be one way to contribute to internal stability.

Fourth, natural resources are often limited and can lead to an economic slump if no longer-term transition plans are put in place. As political strategies often tend to be short-sighted and limited by legislative or electoral periods, countries may not prepare sufficiently for the eventual exhaustion of government revenues from natural resources, underestimating the “exhaustibility risk”. Setting up stabilization and sovereign wealth funds, saving for future consumption and building human and financial capacities can help to smoothen the transition to less fortunate times.

In the case of natural resource extraction being carried out by foreign companies, which is often the case in low-income and lower middle-income countries, it is also important to highlight the risk of cooperation and mining agreements not reflecting the long-term interests of the mineral resource-owning country. Ensuring that knowledge, technology and skills are transferred to the local labour market and that labour is employed locally, instead of importing staff from abroad, is critical to ensure that the benefits of natural resources are shared as widely as possible by the population.

36.3 Avoiding the natural resource curse and creating fiscal space for social protection

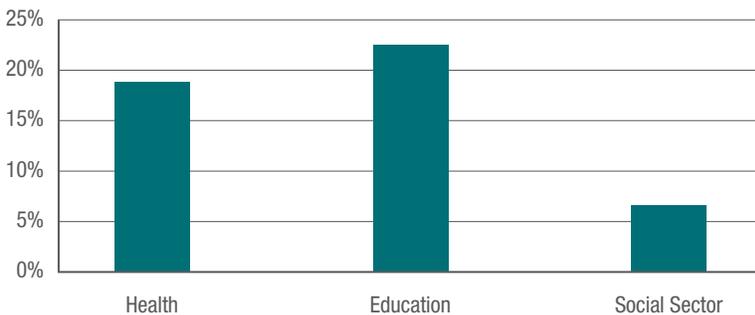
Botswana, being a resource-rich country, has managed to overcome the risks mentioned above and has utilized its mineral resources to generate fiscal space for social and socio-economic development, thus helping to mitigate the resource curse and reversing the risks to create a positive effect.

Dutch disease was avoided by significant investments in human capital and public goods, including social protection and infrastructure. The volatility risk was overcome by establishing saving funds and using government instruments that disincentivize pro-cyclical government spending, thus delinking public expenditure from revenue. The governance risk was contained at the same time by building a transparent and law-abiding government. The exhaustibility risk has not yet been overcome as resources have not been exhausted; however, the Government has started to diversify its sources of revenue, thus decreasing its dependency on natural resources.

Most importantly, the Government applies a strict policy principle according to which all mineral revenues must be saved or reinvested into economic, social and human capital, on the assumption that these types of investments offer higher rates of returns than financial assets. Allocating fiscal resources to social protection therefore has a high priority and is an important policy instrument.

Figure 53 illustrates government expenditures in the area of health, education and other expenses in the social sector. Unlike other African countries, where

Figure 53. Health, education and other social sector expenditures (as percentage of government revenue) in Botswana, 2015



Source: World Bank/World Development Indicators; United Nations Children’s Fund (UNICEF).

development partners are heavily involved in providing financial and technical support, Botswana finances its comprehensive social protection system out of its own domestic resources, with mineral revenues playing a key role.

In 2017, public social protection expenditure amounted to 4.4 per cent of GDP (UNICEF, 2017), most of which was covered through the general government budget (part of which is financed by natural resource revenues) and social contributions to contributory schemes.

36.4 Overview of the social protection system in Botswana

The social protection system in Botswana provides protection against a series of risks. Old-age, disability and survivors benefits are provided through a universal social assistance system, with expenses fully covered by the Government.

Universal old-age pension (BWP330 per month equivalent to 44 per cent of the US\$1.9 per day poverty line) is provided to every citizen with a valid national identity card from the age of 65, while the disability pension (BWP300 per month) is paid to persons registered with severe disabilities. In addition, a monthly electronic food voucher for BWP600 to 800, depending on the local authority, is also provided under the destitute programme, while the Government provides survivor benefits of BWP450 a month (Morgan et al, 2017).

The Government also provides non-contributory universal medical benefits.

Last but not least, Botswana's broad social protection regime also provides scholarships for students in tertiary education, while a number of active labour market programmes are in place to support workers reintegration into the labour market.

36.5 Conclusion

The exploitation of natural resources has been the backbone of economic growth and social development in Botswana.

Botswana's success to date has been impressive. It has managed to overcome the threats of the resource curse and has utilized its mineral resources to finance social development. Investing in social protection, including health and education and other social services, has played a vital role in setting the nation and the economy on an inclusive growth path and in ensuring that the pitfalls of the resource curse are avoided. This inclusive growth path is also in line with the

national Vision 2016 statement of the Government, which declares the need to maintain a compassionate and caring society. Social protection is a strong and central expression of that vision.

Poverty has been significantly reduced; health indicators have improved far above the average for African countries, with maternal mortality rates at 16 deaths per 10,000 live births compared to an average of 47.7 in Africa; and education is available to a wider population. Mineral revenues have amounted to 40-60 per cent of total government revenues over the last two decades and have contributed significantly to Botswana's development.

Although social protection provisions in Botswana are broader in coverage than those in other African countries, there is still scope for improvement as the current provisions financed from the government budget consist of a mix of universal and targeted programmes, resulting in a risk of excluding people in need. The value of the universal old-age transfers is also significantly lower than what is found in neighbouring countries like Namibia and South Africa. In addition, better protection could be provided in line with economic development by raising existing standards, improving the adequacy of benefit, and adding new social protection benefits to protect against risks that are currently not sufficiently covered. Under the current provisions, there are no mandated contributory pensions, maternity, sickness, work injury or unemployment benefits under social insurance. This is a substantial gap compared to countries in SADC. The expansion of contributory benefits could also enable the system to formalize those in the informal economy.

Since the global financial crisis of 2008-09, Botswana has faced several years of reduced economic growth and budgetary constraints. Future projected declines in diamond mining will pose a challenge. The Government's efforts to design its long-term policy to manage its transition to a less resource-dependent economy are crucial. Compensation from improved coal and gold may ease the transition but may not fully replace the decline in diamond exports. Continued economic diversification into other economic sectors, including renewable energy, seems to be unavoidable to ensure that the financing and implementation of social protection programmes can be sustained.

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Taxation of natural resources

Stefan Urban

Summary

Mongolia is an example of a country that has recently started to take more advantage of its vast natural resources and its development has been spurred by revenues from extractive industries. The Government has made significant efforts to ensure that the wealth created from its natural resources is shared by the wider population and that resources are directed to social protection programmes, such as the Universal Child Money programme.

Natural resources in resource-rich countries can create a basis for development and support social and socio-economic spending, technological advancement, foreign direct investment and overall economic growth.

The experience of developing countries such as Argentina, Bolivia, Botswana, Brazil, Chile, Colombia, Indonesia, Malaysia and Zambia, as well as the experience of developed countries such as Australia, Canada, Norway, Sweden and the United States, shows that natural resource extraction can have a positive impact on socio-economic outcomes.

Main lessons

- Natural resource-rich countries can boost their social protection system through the taxation of natural resources, thus increasing government revenues to support increased social protection expenditures.
- Directly linking the government revenues generated from natural resources to the funds allocated to social protection programmes helps to redistribute wealth created from natural resources to the wider population.

- Through the taxation of natural resources and the expansion of spending on social protection, the Government managed to significantly reduce poverty rates.
- Efforts to increase transparency and operational efficiency at all levels of the Government have further supported the allocation of funds to social expenditures.
- The establishment of a stabilization fund would also help to balance volatility in government revenues resulting from natural resource price fluctuations.

37.1 Risk of natural resource abundance

Even though some countries have fared well, the impact of natural resource abundance is not always clear and predictable. In some cases, abundant natural resources have been a curse rather than a blessing, resulting in large-scale corruption, the strengthening of authoritarian rules and environmental damage. The exploitation of mineral resources in the Democratic Republic of the Congo and of oil in Angola, Equatorial Guinea and Nigeria offers clear examples of the misappropriation of extractive industry revenues. Lopsided growth due to “Dutch disease” can also lead to the crowding out of other sectors and make the national economy less competitive due to currency appreciation, making exports more expensive and less competitive.

Successful cases offer lessons about what to avoid and emulate when a developing country’s economy is based heavily on natural resource extraction. Common practices observed in countries that have achieved successfully development with the help of natural resource extractive industries include introducing elements of revenue redistribution; linking natural resource rents and taxes to social and socio-economic investments and development; strengthening tax authorities; increasing transparency; and improving governance structures.

37.2 Taxing natural resource extraction in Mongolia

The Mongolian economy experienced positive economic growth between 2005 and 2015 with an average growth rate of about 8.4 per cent, making it one of the fastest growing economies in the world. At the same time, the poverty rate has been on a downward trend, from 38.8 per cent in 2010 to 21.6 per cent in 2014.

Mongolia, especially in relation to its population of 2.9 million, is rich in natural resources. The country's gold and copper reserves are among the largest in the world. The estimated value of total natural resource reserves identified to date is US\$1.3 trillion. Mongolia's natural resources include copper, gold, coal, molybdenum, iron ore, uranium, tin, tungsten, silver, zinc and fluorspar.

The Government of Mongolia applies royalty rates of 5 per cent on natural resource extraction. In addition, there is a 10 per cent corporate income tax on profits and surcharges in the form of progressive royalty rates and exploration and production licencing fees.

Over the past decade, natural resource extraction have boomed. In 2010, the extractive sector accounted for 30 per cent of GDP, 32 per cent of government revenues and 81 per cent of exports, with an employment share of 5 per cent of the total workforce. Government revenues have increased significantly since the expansion of natural resource extraction operations.

There have been visible efforts to increase transparency and operational efficiency at all levels of the Government. Mongolia joined the Extractive Industries Transparency Initiative, received a full compliance status in 2010 and has reported its revenues on a regular basis.

37.3 Natural resource extraction revenues and social protection

Several initiatives have been launched in Mongolia during the last decade, aimed at linking revenues collected from the natural resource extraction industry with social protection programmes, thereby redistributing wealth created from natural resources to the wider population.

Mongolian Development Fund

In July 2006, the Government introduced universal child benefits. In parallel, windfall profit taxes were introduced to capture a higher share of mining profits. All revenues created from natural resource extraction (dividends and 70 per cent of royalties) entered the newly created Mongolian Development Fund (MDF), which represented the Government's first attempt to create a sovereign wealth fund. The MDF has several functions: to stabilize unplanned budget deficits; undertake investments in order to increase domestic economic

capacity; support small and medium-sized enterprises; and support children and families through the universal child benefit scheme.

The MDF represents the Government's first effort to legislate the link between government resource receipts and cash transfers. In January 2007, the MDF significantly increased the annual benefit amount of the Universal Child Money programme, from 36,000 Mongolian Tughriks (MNT) (US\$30.76) to MNT136,000 (US\$116.19) per child.

Human Development Fund

In 2009, following the 2008 elections and after the initial turmoil caused by the financial crisis that significantly affected natural resource prices, the MDF was replaced by the Human Development Fund (HDF), whose mandate, similar to that of MDF, was to create and grow sustainable resources for better income distribution among the population. The HDF had the same function as the MDF but on a much larger scale. The legislation did not limit benefits and included health insurance and pensions, housing payments, and cash, medical and education service payments. A cash transfer amount was set at MNT120,000 (\$89.08) per person in 2010. The cost of the schemes was three times greater than the cost of the Universal Child Money programme in 2009. The new schemes under the HDF were generous and came under pressure after income did not meet expenditures: the HDF was temporarily replaced by a targeted poverty benefit programme.

Currently, the Government is considering the establishment of a sovereign wealth fund to be known as the Future Heritage Fund, which is proposed to be operational as of 2018 and would replace the HDF. The idea is highly controversial and critics are questioning its benefits as it would divert funds away from social investments. The new Fund is expected to invest resources in international capital markets rather than in people and national development.

Alternatively, a stabilization fund could help mitigate the risk of market and price volatility and help the Government to maintain a higher degree of liquidity during economic downturns and mineral price drops. As a result, the Government is more likely to be in a position to balance social investments in the long term.

The Economic and Social Stabilization Fund of Chile provides a good example of how to maintain liquidity and balance public expenditures. It is a counter-

cyclical tool that aims to smooth government expenditures, finance fiscal deficits in times of low growth and/or low copper prices and pay down public debt when necessary. The Fund can be drawn from at any time to fill budget gaps in public expenditures and pay down public debt.

A high degree of fiscal flexibility is maintained by investing in portfolios with a high level of liquidity and low credit risk and volatility, up to 30 per cent in money market instruments, 66.5 per cent in sovereign bonds and 3.5 per cent in inflation-indexed sovereign bonds. The Fund represents a model for Latin America and could be applied in other countries that face similar market volatilities.

37.4 Conclusion

Mongolia presents a case where government revenues generated from the taxation of companies engaged in natural resource extraction have been directed to social protection programmes. The Government was successful in redistributing some of the wealth from extractive industries.

Taxing natural resource extraction is one of the many alternatives available to countries for expanding the fiscal space for social protection. Governments normally use a mix of taxes and social security contributions to fund social protection, combined with other options (see Ortiz et al., 2017).

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Taxation of natural resources

Stefan Urban

Summary

Zambia is an example of how countries with rich natural resources can rely on taxation, in particular taxation of natural resource-extracting companies, to improve social protection services and programmes and to help mitigate inequality and reduce poverty.

Developing countries often struggle to generate government revenues for social protection from taxation and social security contributions. Tax authorities tend to be weak and taxation tends to lack transparency while a relatively large share of the population is employed in the informal sector, making it difficult and costly to collect social security contribution or to tax employees. This limits the capacity of governments to redistribute income and to develop adequate social protection systems, including floors, in order to reduce poverty and inequality.

Main lessons

- Resource-rich countries can boost their social protection system through the taxation of natural resources, increasing government revenue and supporting the expansion of social protection expenditures.
- As a result of the strengthening of Zambia's tax collection authorities and revenue collection framework, reduced tax leakage contributed to further increases in government revenues and the creation of fiscal space for social protection measures.
- In 2013, Zambia's extractive revenue was US\$1.5 billion, representing 30 per cent of government revenue.

- With the help of extractive industry revenues, the Government substantially increased the budget for social cash transfer schemes, from 55 million kwacha (ZMW) in 2012 to ZMW 199.2 million in 2014.
- Through the taxation of natural resources and the expansion of social protection spending, the Government managed to reduce poverty rates and improve health indicators far above African standards.

38.1 Natural resource extraction tax in developing countries

Countries that can rely on non-renewable natural resources have the potential to collect significant amounts of taxes from the sector to support social and socio-economic development. A government may either directly extract natural resources through state-owned enterprises or joint ventures or else sell the exploitation rights and tax profits, both of which provide revenues for social investments. A number of developing and emerging economies have effectively managed their natural resources through public companies, including Botswana (diamonds), Brazil (oil), Indonesia (oil and gas) and Malaysia (forestry, tin, oil and gas).

Environmental and social externalities, such as the impact on local communities, if not adequately addressed, can serve as a subsidy to extracting companies and distort the true cost of exploitation. From a property rights perspective, natural resources ought to be accrued to the public at large rather than to private citizens. Revenues generated from natural resources should be distributed among society, leaving enough reward for companies to engage in exploitation while taking into account the true cost of exploitation and equity from a property rights perspective as a whole.

38.2 Natural resource taxation in Zambia

Zambia is a prominent example of a country that has raised various taxes on mineral resources and thus generated significant government revenues that are funding social expenditures, among other things. With a population of 16.2 million, it is the eighth largest producer of copper (2013) and the ninth largest producer of cobalt (2012), with the mining sector accounting for 9 per cent of GDP and 77 per cent (2015) of exports.

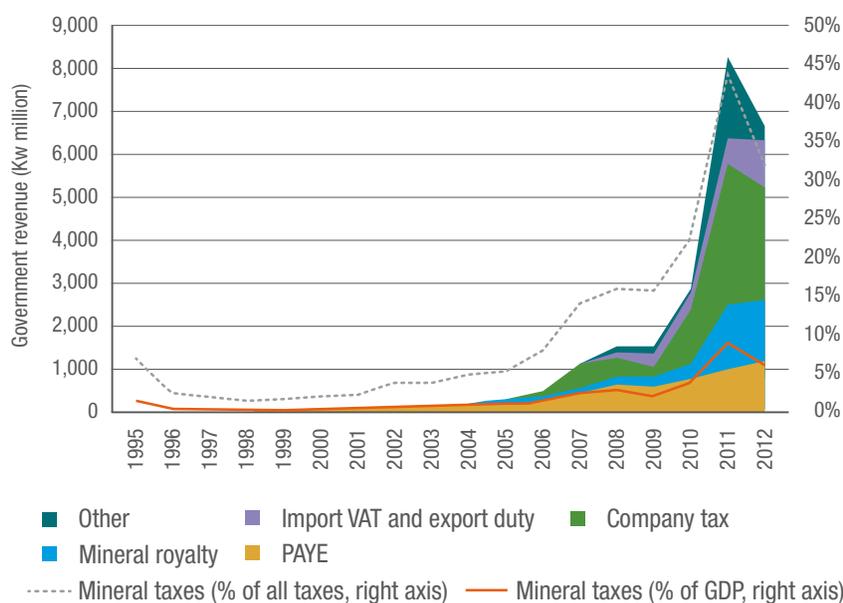
In 2013, Zambia's extractive revenue was US\$1.5 billion, representing 30 per cent of government revenue.

While the pre-2008 period was characterized by generous concessions to private-sector companies and ineffective management under state ownership, Zambia subsequently introduced various measures to increase efficiency and widen the base of government revenue, implementing institutional reforms such as the creation of a large taxpayers' office and the gradual strengthening of the revenue collection framework. Tax administration today is relatively effective and tax leakages have been significantly reduced compared with other African countries (Zambia, 2014).

The Mines and Minerals Development Act (No. 7 of 2008) is a key piece of legislation that paved the way for this paradigm shift by introducing:

- (a) A graduated windfall tax levied at a rate of 25 per cent on gross proceeds when the copper price exceeds US\$2.50 per pound, 50 per cent when the copper price exceeds US\$3.00 per pound and 75 per cent in excess of US\$3.50 per pound; the windfall tax, however, was withdrawn in 2009, largely due to the effects of the financial crisis that began in 2008;
- (b) A revision of the royalty rates, which first increased to 3 per cent and since 2012 have been set at 6 per cent;
- (c) A revision of the corporate income tax rate of natural extractive industries, increasing it from 25 per cent to 30 per cent; simultaneously, the rate applicable for non-mining sectors was reduced from 35 per cent to 30 per cent;
- (d) A new variable profit tax rate, under which the marginal tax rate would rise from 30 per cent to 45 per cent when taxable profits exceed 8 per cent of gross revenue;
- (e) A withholding tax on interest, royalties, management fees and payments to affiliates or subcontractors was reintroduced for all mining companies and set at a standard rate of 15 per cent;
- (f) A reduction of capital allowances from 100 per cent of expenses to a conventional 25 per cent per annum, deductible only in the year production commences rather than in the year when the expense is incurred;
- (g) Hedging as a risk management mechanism that is treated as a separate activity from mining.

The abolition of the windfall tax is an example of the effects of political economy implications. It was introduced in 2008 and abolished the year after in the aftermath of the global financial crisis and as a result of increased threats by transnational corporations to lower investments, close mines and take legal

Figure 54. Fiscal revenues from the Zambian mining sector, 1995-2012


Source: International Council on Mining and Metals, 2014, based on original data of the Zambia Revenue Authority.

action against the measures. The table below summarizes the main shift in the taxation of natural extractive industries.

Additional legislation to curtail capital flight and the underreporting of mineral earnings was enacted in 2013. The law applies to all international transactions, including profits, dividends, remittances, loans to non-residents and investments abroad by persons resident in Zambia.

Table 13. Taxation of natural extractive industries in Zambia, 2006 and 2010

Measure/Year	2006	2010
Royalty	0,60%	6%
Corporate income tax	25%	30%
Variable income tax	No	Yes
Windfall tax	No	No*
Custom duties	Exports = 0	15% for unprocessed copper
Income of foreign subcontractors & interest	0%	15%

* Introduced in 2008 but abolished after the global financial crisis.

Source: Simpasa et al., 2013, based on data of the Zambia Revenue Authority and IMF, 2012.

Among mining countries (excluding petroleum) worldwide, Zambia's mining receipts are the second highest after Botswana and are higher than the revenues of Chile, the Democratic Republic of Congo or Guinea.

In the year after the introduction of the 2008 Act, tax collection for the mining sector did not meet expectations, with an increase from ZMW1.1 billion in 2007 to ZMW1.5 billion in 2008. The main reasons for this result were delays in tax payments resulting from disputes concerning the Act, combined with a fall in copper production due to the worldwide crisis. Since then, government revenues have improved considerably, from less than ZMW1 billion per year before 2008 to ZMW6.619 billion in 2012.

38.3 Natural resource taxation and social protection

The Government emphasizes health, education and social protection as a means to achieve its development goals. The 2014 budget confirmed the Government's increase in spending on health, education and social protection. As illustrated in the table below, the Government increased its total spending on health, education and social protection from ZMW8,086 million (29.2 per cent of total budget) to ZMW14,018 million (32.9 per cent) in 2013.

Table 14. Government spending on health, education and social protection in Zambia, 2011-2013

	2011 (in million KR)	% of budget	2012 (in million KR)	% of budget	2013 (in million KR)	% of budget
Health	2,579.90	9.30%	3,638.10	11.30%	4,228.40	9.90%
Education	4,850.50	17.50%	5,626.80	17.50%	8,607.00	20.20%
Social Protection	655.6	2.40%	892.2	2.80%	1,183.00	2.80%
Total	8,086	29.20%	10,157.10	31.60%	14,018.40	32.90%

In addition, the Government substantially increased the budget for social cash transfer schemes, from ZMW55 million in 2012 to ZMW199.2 million in 2014. These substantial shifts in social protection spending can be linked to

both a change in leadership and an improved fiscal position enabled through significantly increased government revenues from natural resource taxation.

Furthermore, the Government has taken steps towards developing a social protection policy with rights-based entitlements and created additional fiscal space for social protection by abolishing fuel and maize miller subsidies. Former patrimonial social protection programmes have been reformed to create more structured and transparent programmes.

38.4 Conclusion

The case of Zambia exemplifies that resource-rich developing countries can substantially expand fiscal space for social protection and other socio-economic expenditures. Taxing natural resource-extracting industries allowed the Government to improve its fiscal position and created the basis for the expansion of its social protection system.

Taxing natural resource extraction is one of the many alternatives for expanding fiscal space for social protection that are available to resource-rich countries. Governments normally use a mix of taxes and social security contributions to fund social protection, combined with other options (see Ortiz et al., 2017).

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Removal of fuel subsidies

Anis Chowdhury

Summary

Indonesia reprioritized its spending by cutting expensive fuel subsidies and successfully managed political resistance to this change by establishing a compensatory scheme to support low-income families, while at the same time working to extend social protection by supporting the creation of a universal health-care system and extending pension coverage.

After the Asian Crisis in 1997-98, the Government provided targeted safety nets but soon realized they were inadequate and subsequently endeavoured to extend social protection coverage to the entire population. The amendment to its 1945 Constitution in 2002 recognizes the right to social security for all and the responsibility of the State for the development of social security. Indonesia has committed to achieving universal health coverage by 2019 through a coordinated approach of contributory and non-contributory schemes.

This brief highlights how the Government is achieving universality and progressive implementation of the right to social protection, and how Indonesia tackled the problem of unsustainable fuel subsidies by introducing cash transfers to offset the adverse impact on the poor.

Main lessons

- Indonesia recognizes social protection as a constitutional right of its citizens.
- The Government gradually withdrew its fuel-subsidy policy, while extending social services, including educational assistance, health-care and conditional cash transfers.

- Step by step, the Government built capacities to extend health care to the entire population, creating a universal health care system (Jaminan Kesehatan Nasional (JKN)) following the ILO Social Protection Floors Recommendation, 2012 (No. 202). The contribution-financed scheme now covers 145 million members, while the contributions for the poor and near-poor and covered by the Government.
- The Government has successfully extended health-care coverage to the informal sector and now covers both public-sector and private-sector workers under the new pension scheme.

39.1 Social protection system in Indonesia

Social protection in Indonesia is a shared responsibility between all stakeholders: the State, employers, workers and families or communities. Extended family and community support still plays a large role while a constitutionally mandated formal structure is taking shape. Indonesia now has a three-pillar social security system, namely:

- (a) Social assistance/service: funded by the State; beneficiaries are old and poor people, schools and micro-business grants;
- (b) Compulsory savings: compulsory contribution to a provident fund that pays out public pension benefits;
- (c) Social insurance: compulsory contribution; the Government pays premiums for the poor.

As of July 2015, the following five social security schemes are operational in Indonesia:

- (a) Occupational accident scheme: contribution of between 0.24 per cent and 1.74 per cent, depending on the type of business, paid by employers;
- (b) Death benefit: contribution of 0.3 per cent, paid by employers;
- (c) Old-age benefit scheme: contribution of 5.7 per cent (3.7 per cent paid by employers and 2 per cent paid by employees);
- (d) Health-care protection scheme: contribution of 5 per cent (4 per cent paid by employers and 1 per cent paid by employees); informal sector workers and non-employees: between 25,000 Indonesian rupiah (IDR) and IDR59,500 (per person per month, depending on the choice of class of facilities);

- (e) Pension scheme: contribution of 3 per cent (1 per cent paid by employees and 2 per cent paid by the employer); in addition, permanent employees are entitled to severance pay ranging from 1 month's salary (<1 year working period) to 9 months' salary (>8 years working period).

There are three important milestones in the development of social security in Indonesia. First, the early recognition of social protection as a right, as stated in the 1945 Constitution. Second, in the mid-1960s, the Government gradually developed social security schemes, but they were limited to formal sector workers. Third, driven by the effects of the Asian financial crisis at the end of the 1990s, governments established a stronger social security system by adopting universal coverage.

The post-Asian financial crisis era was characterized by ad hoc and targeted programmes, leaving a large number of the poor uncovered, while there were substantial benefit leakages to the non-poor. Programmes included rice subsidies; school scholarships and block grants; health cards for the poor providing free access to public health services; labour-intensive work programmes; and the provision of grants to selected community groups.

As a result of the poor outcomes of these targeted programmes, the Government adopted the principle of universal coverage by amending the 1945 Constitution in 2002. An important step was the adoption in 2004 of the Law regarding the National Social Security System, which stipulates five social insurance programmes: (a) pension; (b) old-age savings; (c) health-related benefits; (d) work accident compensation; and (e) death grants. It provides a framework for the integration of various social security schemes that already existed with new schemes, as well as for the expansion of social security coverage to the entire population.

The Law follows a staircase approach, including non-contributory schemes for the poor, contributory schemes for the self-employed and statutory social security schemes for formal-sector workers. Universal health insurance under the Law on Health Social Security Providers (BPJS Kesehatan (BPJS I)) commenced in 2014, while other schemes, under Law No. 24/2011 on Social Security Providers (BPJS Ketenagakerjaan (BPJS II)), commenced in 2015. On the social assistance front, efforts to extend coverage to reach the poorest and most vulnerable and to better coordinate programmes are in progress.

During this phase, Indonesia also had to deal with the global financial crisis, responding with a fiscal stimulus package that contained expanded social

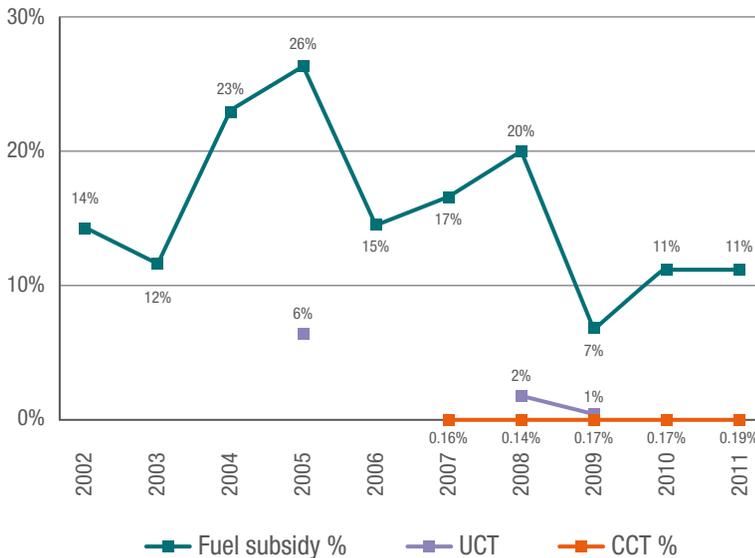
protection measures. About 7 per cent of the stimulus package announced during 2008-2009 addressed social protection.

39.2 Indonesia’s fuel subsidy reforms and expansion of social protection

Indonesia’s universal oil subsidy was initiated in 1967 to distribute the state’s oil windfall to ordinary citizens. But ironically, Indonesia became a net oil importer in 2004 when international oil prices soared, putting pressure on the national budget, and it had no choice but to reform its fuel subsidy system.

Reducing the fuel subsidy in 2005 led to price increases of 30 and 114 per cent in March and October 2005, respectively. When rioting broke out in 2005, the Government responded quickly by introducing a compensation programme for the poor, consisting of educational assistance, health care and unconditional cash transfers (UCTs), which consisted of a cash benefit of IDR100,000 (roughly US\$10.50) per month to each target household, covering 15.5 million

Figure 55. Percentage share of fuel subsidy in government expenditure in Indonesia, 2002-2011



Source: Huck-ju Kwon and Woo-rim Kim (2015)

households or nearly a quarter of the population. But the programme was not financially sustainable and in 2006, the Government prepared to switch to conditional cash transfers (CCTs) through the hopeful family programme.

The UCT was primarily introduced in the context of fiscal consolidation at a time of economic crisis, which was the primary concern for the Government. Although UCTs and CCTs remain insignificant, fuel subsidy cuts were substantial, as shown in figure 55: the share of the fuel subsidy in government expenditure fell from 26 per cent in 2005 to 11 per cent in 2010-2011, representing a lost opportunity to further expanding social protection.

39.3 Towards universal health coverage

The first social health programme targeting poor households started in 1994 with the health-card programme, which changed its name in 2005 to the health insurance for poor households programme (Asuransi Kesehatan bagi Keluarga Miskin or ASKESKIN) and initiated the first-phase towards universal health coverage. Initially targeted at poor households, ASKESKIN evolved into the Health Security for Society (Jaminan Kesehatan Masyarakat or JAMKESMAS) programme in 2008, aiming at universal health coverage through a mandatory public health insurance programme.

The programme accounted for about 7 per cent of Indonesia's total social protection spending in 2009 and aimed to reach 76.4 million people or about one third of the total population. The cost to the Government per insured individual amounted to IDR6,250 (roughly US\$0.70).

In 2014, the Government launched a national health insurance scheme (Jaminan Kesehatan Nasional or JKN) to provide insurance to the entire population. BPJS Kesehatan has been established to implement the scheme. JKN is a unified, contribution-financed health insurance scheme with 145 million members. The contributions for the poor and near-poor are paid by the Government.

In 2014, 86.4 million people were eligible for contribution assistance (PBI). The Government spent IDR19.9 trillion (US\$1.43 billion) to finance PBI, more than double the 2013 budget allocation. But it still amounted to only IDR19,225 (US\$1.4) per person per month, significantly lower than the actuarial estimates of a sustainable premium. Despite remarkable progress in the first year, many doubt whether JKN's budget will be sufficient to cover the unlimited and comprehensive service benefits.

39.4 Challenges

The political commitments of successive Governments have not been matched by budgetary allocations. For example, only 2.2 per cent of the total government budget is allocated for health.

In addition, there are supply-side and administrative challenges. Indonesia has critical shortages of health workers and of hospitals and clinics for a nation with more than 250 million people.

Implementing a universal social protection system across more than 17,000 islands in a decentralized country of 34 provinces and about 500 districts poses serious administrative challenges. Health issues (including finance and infrastructure) have been designated as the district government's responsibility; however, the role of local governments remains unclear in the grand design of universal health coverage. More encouragingly, universal health-care coverage is playing an important role in local electoral politics, which is creating pressure on local politicians to give priority to social protection and to adopt participatory budgeting.

39.5 Conclusion

Indonesia offers some interesting lessons. It has set a salutary example by recognizing social protection as a constitutional right of its citizens. It has also taken politically bold steps to reprioritize its spending by cutting expensive fuel subsidies and establishing various compensatory schemes with the money saved from fuel subsidies to ameliorate the conditions of low-income families. Yet it has missed the opportunity to boost its social protection programmes significantly with the funds released by the discontinuation of fuel subsidies. At the same time, Indonesia is increasingly expanding its social protection system through contribution collection, subsidizing only those who cannot afford to pay, thus building a stronger base for the extension of coverage and services.

Removing fuel subsidies and expanding contributory revenues are two of the many alternatives available to countries for expanding fiscal space for social protection, among other options (see Ortiz et al. 2017).

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Restructuring debt for social protection

Anis Chowdhury

Summary

Ecuador offers an excellent recent example of how restructuring sovereign debt can be used to create fiscal space for social development expenditures.

The idea of swapping debt for development has been around since the 1980s as a way out from the Latin American debt crisis. During the 1998-2008 decade, 18 debt swaps in 14 countries converted about US\$608.8 million in debt into support for local development.

The Highly Indebted Poor Countries Initiative, launched in 1996 by the International Monetary Fund (IMF) and the World Bank, helped eligible countries to reduce their debt service payments by about 1.8 per cent of GDP between 2001 and 2014. Linking debt relief to poverty reduction and social policies allowed these countries to increase their expenditures on health, education and other social services. On average, such spending is now about five times the amount of debt-service payments.

However, only low-income countries could access the Initiative: other countries had to resort to debt restructuring. In recent years, more than 60 countries have successfully renegotiated and restructured debt and directed debt-servicing savings to development, including social programmes. It is now well accepted that countries can create fiscal space to increase social spending through debt restructuring linked to social programmes.

Main lessons

- Ecuador defaulted on its “illegitimate” debt and released public resources to expand health-care, education and social protection programmes. Social spending more than doubled, from 4.8 per cent of GDP in 2006 to 10.3 per cent in 2011.

- The newly released public resources were also successfully used to help the economy recover from the 2008 financial crisis: GDP growth increased from 0.4 per cent in 2009 to 7.8 per cent in 2011, surpassing the pre-crisis growth rate of 7.2 per cent in 2008.
- Debt restructuring enabled the Government, through social and human development investments, to reduce poverty rates from 37.6 per cent in 2006 to 22.5 per cent in 2014, while the Gini coefficient (measuring inequality) declined from 0.54 to 0.47 during 2006-11.
- Contrary to critics' expectations, Ecuador's credit reputation did not suffer as its social investments are regarded as a developmental success. Ecuador was able to sell \$2 billion worth of bonds in 2014 when it returned to the international capital markets.

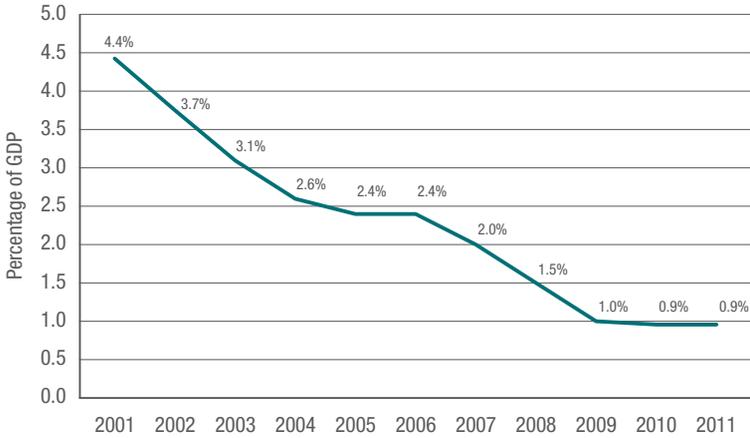
40.1 Ecuador's default on odious debt expands fiscal space

In 2008, Ecuador held an official audit to assess the legitimacy of its sovereign foreign debt. The government-commissioned, two-year investigation concluded that some of its foreign debts violated multiple principles of international and domestic law and were therefore deemed "illegitimate". These were mostly private-sector debts that had been nationalized by former Governments.

While Ecuador respected all the debt that had contributed to the country's development or the "legitimate" debt, it defaulted on two government bonds deemed "illegitimate" by suspending payments during the depth of the global financial crisis in December 2008. Ecuador then bought them back at the going price of 35 cents on the dollar and retired them. This resulted in a significant reduction in interest payments as a percentage of GDP (figure 56). The savings on principal and interest payments will amount to more than US\$7 billion over the period 2008-30. The public resources released in this way were used as a fiscal stimulus to cushion the impact of the 2008-09 global financial crisis and for expanding health care, education, social assistance and the development of communications infrastructure.

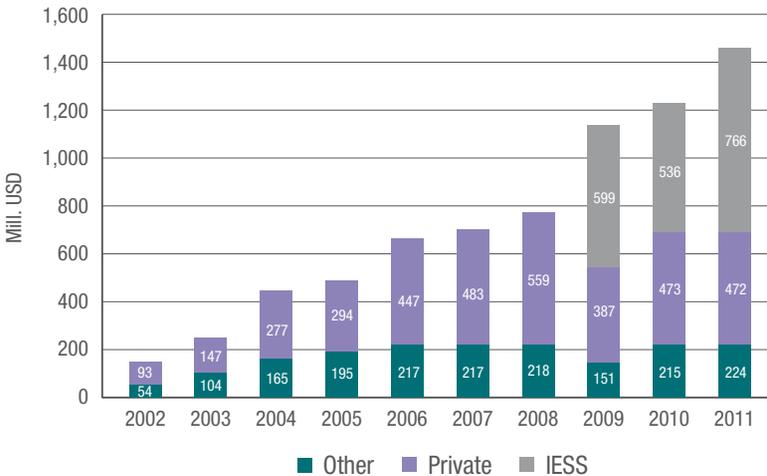
One of the elements of the fiscal stimulus was expanded access to housing financing through Bono de la Vivienda programmes and concessional mortgage loans issued through Ecuador's Social Security Institute (Instituto Ecuatoriano de Seguridad Social or IESS). Total housing loans in Ecuador grew by nearly 50 per cent in 2009 and IESS accounted for more than half of all housing credit in 2011 (figure 57). This contributed to a construction boom in early 2010 and helped the

Figure 56. Interest payments in Ecuador (percentage of GDP), 2001-2011



Source: Ray and Kozameh, 2012.

Figure 57. Expansion of housing credit in Ecuador by source (millions of US\$), 2002-2011



Note: IESS = loans issued through Ecuador's Social Security Institute.

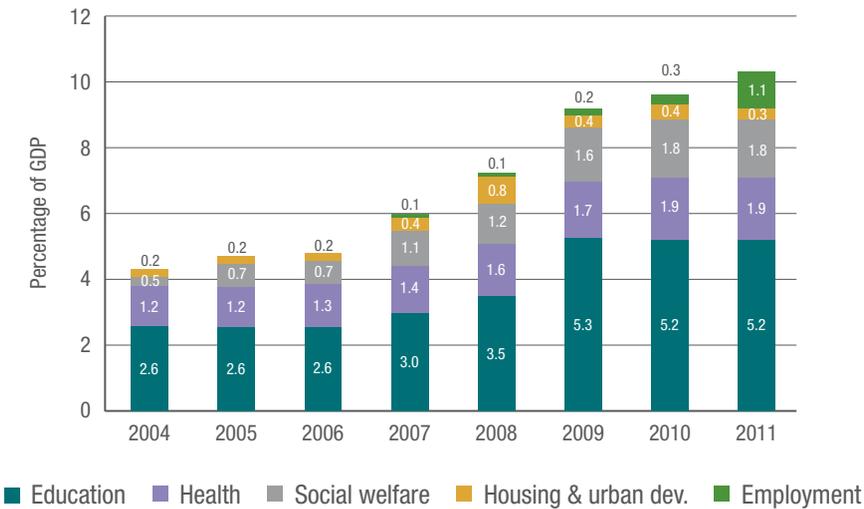
Source: Ray and Kozameh, 2012.

economy to recover quickly from the recession. The overall GDP growth rate increased from 0.4 per cent in 2009 to 7.8 per cent in 2011, surpassing the pre-crisis rate of 7.2 per cent in 2008 and catching up with its 20-year growth trend.

40.2 Higher social spending

Public resources released by the debt write-down were invested in socio-economic development. Total social spending more than doubled from 4.8 per cent of GDP in 2006 to 10.3 per cent in 2011 (figure 58), while government spending on education doubled from 2.6 to 5.2 per cent of GDP during the same period. Social welfare spending, including housing assistance programmes for low-income families and the cash transfer known as the Bono de Desarrollo Humano (human development bond), also more than doubled from 0.7 to 1.8 per cent of GDP. This resulted in the expansion of the coverage of the Bono de Desarrollo Humano from 35.5 in 2005 to 44.3 per cent in 2010, the highest coverage rate among conditional cash transfer programmes in Latin America and the Caribbean.

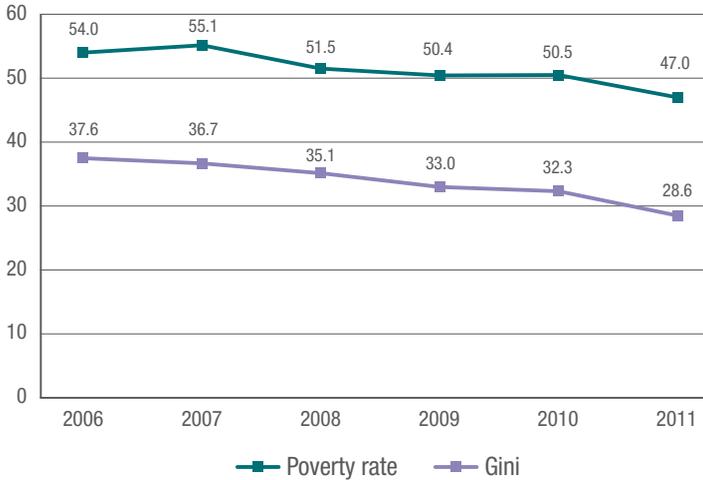
Figure 58. Public social spending by the central Government (percentage of GDP in Ecuador), 2004-2011



Source: Ray and Kozameh, 2012.

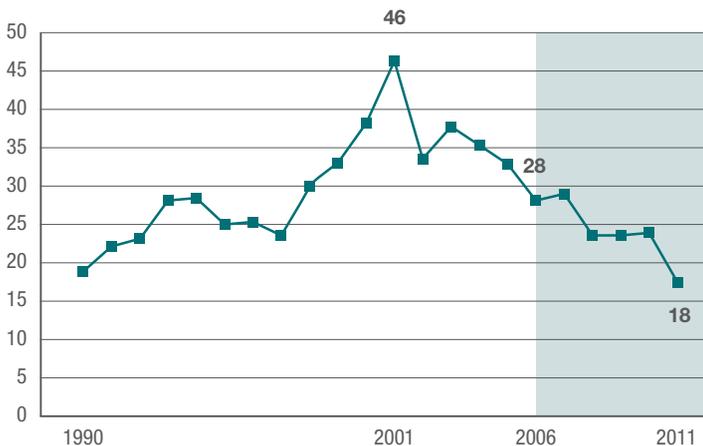
40.3 Human development accelerates

The results of the increased public social spending on human development made possible by debt restructuring are impressive. For example, the national poverty rate dropped from 37.6 per cent in 2006 to 22.5 per cent in 2014 (figure 59), while the unemployment rate fell from 9.1 per cent in the 1st quarter of 2010 to 4.9 per cent in 2012.

Figure 59. Poverty rate and Gini coefficient in Ecuador, 2006-2011

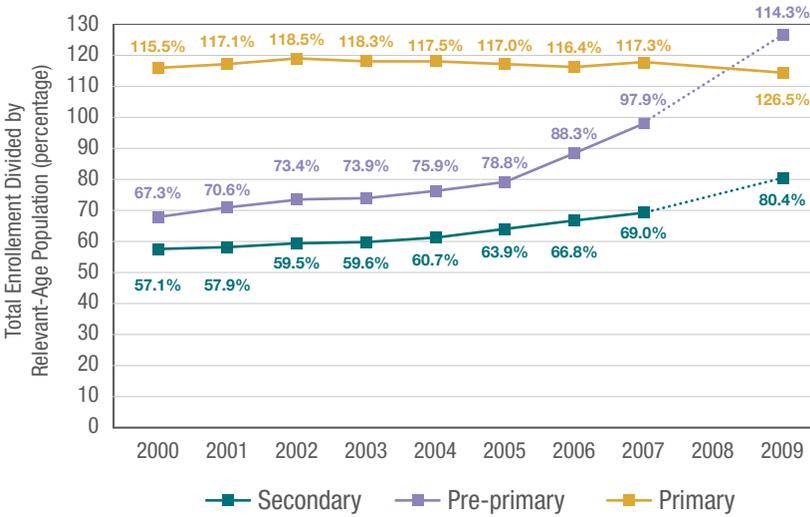
Source: Ray and Kozameh, 2012.

The Gini coefficient, a common measure of inequality, declined from 0.54 to 0.47 during 2006-11 (figure 59). The improvement in income distribution is also mirrored in the decline of the 90/10 income inequality ratio, which is the ratio between incomes of the richest 10 per cent and the poorest 10 per cent (figure 60).

Figure 60. 90/10 income inequality ratio in Ecuador, 1990-2011

Source: Nehring, 2012.

Figure 61. School enrolment ratios (gross) in Ecuador, 2000-2009



Source: Ray and Kozameh, 2012.

The expansion of the Bono de Desarrollo Humano contributed to a sharp increase in the number of vaccinated children, from 2.5 million in 2008 to 3.6 million in 2010. Between 2009 and 2015, 2,994,411 children under 5 had preventive medical check-ups. More than 800,000 children received micro-nutrients and the consumption of these nutrients has been monitored by children’s centres. During this period, 6,571,169 children under 5 with medical issues were treated and 3,078,408 prenatal examinations were performed with the provision of micro-nutrients. Thus, infant mortality declined from 20.7 (per 1,000 live births) in 2006 to 17.6 in 2010, while child mortality fell from 26.6 (per 1,000 children under age 5) to 23.0 during the same period. There have also been dramatic increases in pre-primary and secondary school enrolment rates (figure 61).

By the end of 2015, Ecuador had achieved 20 of the 21 Millennium Development Goals, in some cases exceeding the target set by the Goal.

40.4 Conclusion

Ecuador suffered repeated debt crises after the early 1980s and public external debt remained high (over 66 per cent of GDP) in 2000. The “structural adjustment” packages of liberalization, privatization and labour market reforms failed to reignite growth on a sustained basis, while the country’s social and human

conditions deteriorated significantly, with more than 60 per cent of its population living in poverty in the late 1990s. Ecuador's human development index (HDI) was 0.6 in 1980, which improved only marginally to 0.674 over the subsequent two decades.

However, Ecuador's socio-economic development since the beginning of the new millennium has been impressive. Ecuador's HDI value for 2014 was 0.732, putting the country in the high human development category. Its social development has accelerated since 2009, when it expanded its fiscal space by writing down external debts that were deemed "illegitimate" in order to strengthen its social protection and increase social spending. Perhaps this explains why Ecuador's credit reputation was not permanently damaged contrary to the general perception. It was able to sell US\$2 billion in bonds upon its return to the international capital market in June 2014. Thus, Ecuador offers lessons for other developing countries on how to successfully restructure external debt for social development. Based on the experience of Ecuador and Norway, the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System declared its support of public debt audits as a mechanism for the transparent and fair restructuring of debts. Debt audits are ongoing in several other countries, including Bolivia, Brazil, Greece, Ireland and the Philippines.

Debt management is one of the eight alternatives available to countries for expanding fiscal space for social protection. Governments normally use a mix of taxes and social security contributions to fund social protection, combined with other options (see Ortiz et al., 2017).

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PART

VI

Leaving
no one behind

Care and community services

Aidi Hu

Summary

In recent decades, China has rapidly extended social protection to a large number of people through various mechanisms, including social protection community services (SPCSs), which include two types of services:

- **Access to social protection and active labour market policies**, including scheme registration and benefit payments; services are made available within residential communities, thereby simplifying and expediting access to social protection;
- **Social and home-based services**, such as health care and domestic assistance; services help older persons, people with disabilities and children to live independently, in safety and in dignity.

A growing number of residential communities provide SPCSs as an essential component of their community services. In 2014, a total of 311,000 community organizations provided a wide range of services, including SPCSs, for residents in 45 per cent of urban communities (China, 2011-15). In addition, some rural villages also provide these services.

Main lessons

- Making social protection administrative services accessible within communities can improve coverage, especially for people who are self-employed, unemployed, outside the workforce or have no formal work contract.
- In China, where the services sector is not fully developed and many households cannot afford expensive private services, social protection provides not only income security but also services such as medical care and

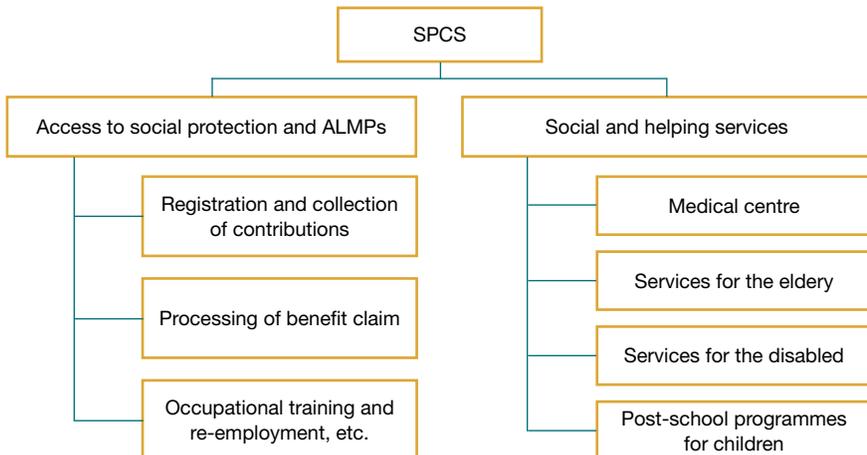
domestic assistance for older persons, persons with disabilities and vulnerable groups.

- SPCSs facilitate employment generation by providing training and generating public and private services in the care economy.
- SPCSs are public services, serving the lowest administrative units, i.e. communities. They are supervised by the Government and enforced through partnerships between the public and private sectors and civil society, with non-governmental organizations (NGOs) playing an ever-increasing role.
- The expansion of SPCSs is facilitated by China's Five-Year Plan 2016-20, which emphasizes increasing household income and consumption, universal social protection and the development of the services sector.

41.1 What do SPCSs consist of?

SPCSs were initially introduced in a few Chinese regions in the late 1980s. Given their effectiveness and efficiency in responding to the emerging needs of residents, SPCSs became a national policy supervised by the Ministry of Civil Affairs in close cooperation with other government bodies. However, no standard package of SPCSs is imposed, allowing each community to decide on which services to provide, in line with its own needs and supply capacities. However, two types of services are generally included, as shown in figure 62.

Figure 62. Services provided in China by social protection community services (SPCS)



Access to social protection and active labour market policies can be illustrated by the experience of people in Xiangtan district in Hunan Province. Residents no longer have to visit various district administrative offices, often located in areas far from their homes, to register for schemes, make inquiries and claim benefits. These functions can now be done within the community, irrespective of the type of benefit sought and the responsible agency (China, 2015a).

Examples of social protection community services include:

- (a) general medical services, provided twice a week by a doctor in the Puhui community;
- (b) shopping and other necessary assistance for older residents and those with disabilities, provided by a team of 128 volunteers in Mingchunyuan community;
- (c) regular social activities for persons with disabilities in Shuangliu and Jichang communities;
- (d) an after-school programme for children, developed jointly by a social workers group and the Yayuncun community.

SPCSs are also found in some rural villages. For instance, Xiazhai village, with a population of 1,058, runs a home-based care programme for its 228 residents over 60, consisting of free meals twice a day, live-in rooms at a very low price and regular medical attention. Similar programmes can be found in most of the 300 other villages in the Jindong district of Jinhua (China, 2015b).

41.2 What are the major features of SPCSs?

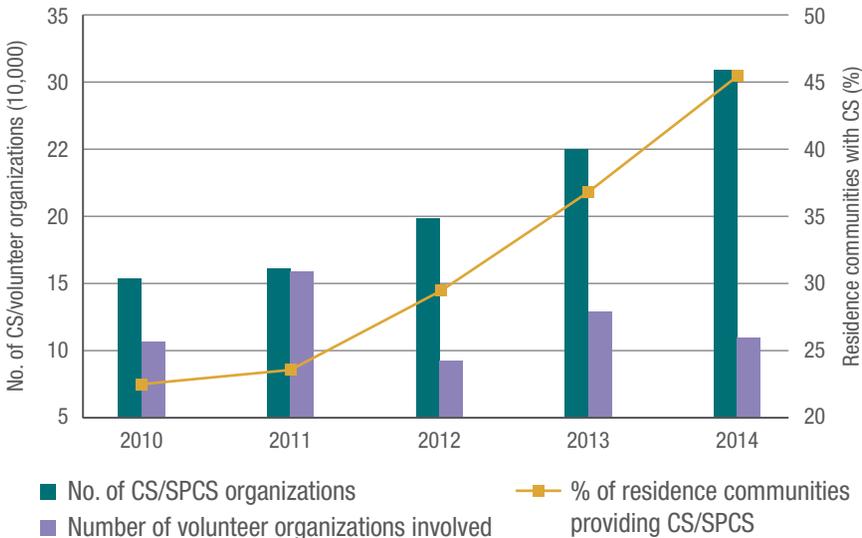
Leadership and guidance. The development of community services, including SPCSs, is guided and supervised by the Government in compliance with several official mandates, such as the Five-Year Plan 2011-15 (China, 2011a) and the guidelines on improving community services for disabled persons, prepared jointly by 14 ministries in 2000;

Autonomy and responsiveness. To a large extent, each community decides the content, scope, delivery and financing of the benefits provided. Given the autonomy and flexibility of communities, as well as their knowledge about their own needs and financing capacities, they can respond promptly to emerging requirements with targeted SPCSs;

Convenience. Through SPCSs, social protection administrative services are grouped together and made accessible within residential communities even when they belong to different ministries. This facilitates participation in, and effective coverage of, social protection. It is particularly important for the coverage of children, older persons and working-age people with no job, no stable job or no employer, which categories are estimated to constitute about half of the 731 million urban residents in 2013 (China, 2015c);

Multiple resources. SPCSs are supported by the multiple financial and human resources of the Government, autonomous neighbourhood committees, volunteers, NGOs, charities and the private sector,¹ among whom volunteers have become a growing and indispensable force. According to the Civil Affairs Bureau of Beijing, there were 1.35 million and 1.5 million registered volunteers in Beijing in 2013 and 2014, respectively;

Figure 63. Coverage of community services (CS) and social protection community services (SPCS) in China, 2010-14



Source: China, 2011-15.

¹ Each residential community has several autonomous neighbourhood committees comprised of residents who perform administrative functions.

Coordination. Close cooperation and partnership among public, private and civil society organizations at the community level contribute to the success of SPCSs. Within a decentralized office, a shared database makes it possible to provide all the relevant benefits and services to beneficiaries, thereby allowing local administrators to improve the coordination and quality of public services provided to citizens;

Employment generation. Due to the development of SPCSs and other types of community services, more than 1 million jobs were created in residential communities in 2011 (China, 2011-15).

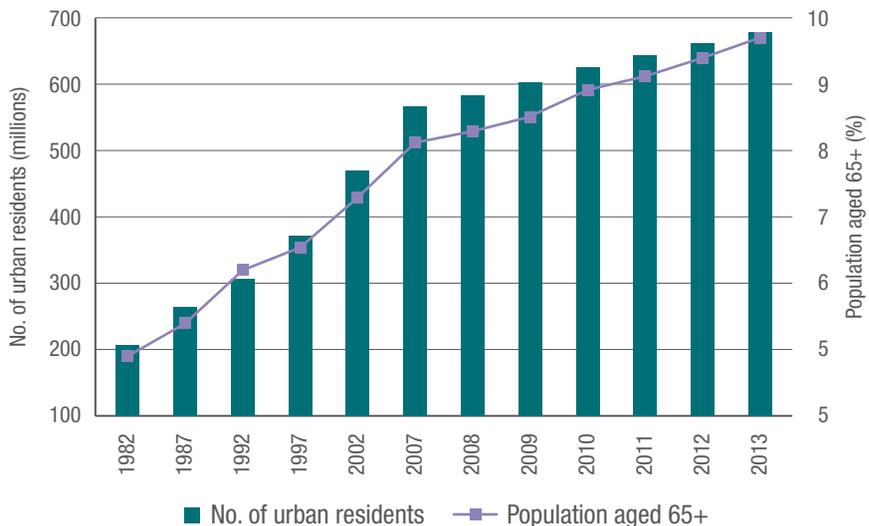
The popularity of community services and SPCSs has stimulated further development of community organizations as important service providers (see figure 65).

41.3 Why are SPCSs needed?

The main reasons why SPCSs are needed include:

- (a) the impacts of the one child policy, combined with the ageing population and growing urbanization (see figure 66), have reduced the capacity of families to provide regular care to older family members or those with disabilities,

Figure 64. Ageing and urbanization in China, 1982-2013



Source: China, 2015.

as was the traditional practice. The situation is more acute for rural families since working-age members often migrate to cities for work, leaving elderly parents and young children behind in remote villages;

- (b) the reform of state-owned enterprises released them from the responsibility of taking direct care of their employees, former employees and their families in all aspects of family life, such as education, health care and housing. Those responsibilities had to be reassigned;
- (c) the services market in China is underdeveloped. In Guangdong, for example, the available capacity of elder-care institutions in 2010 was sufficient for only 1 per cent of the population of older persons, while 17.5 per cent of them wanted to live in such institutions (China, 2010);
- (d) to realize the goal of making basic universal social protection a reality, decentralized and convenient social protection services became necessary.

41.4 What's next?

China's experience demonstrates the crucial role of SPCSs for the large-scale and quality extension of social protection. They are expected to grow more in the future as the number of people over 60 increases from 200 million in 2018 to 300 million by 2025 and 400 million by 2033 (China, 2012).

The expansion of SPCSs is further facilitated by China's Five-Year Plan 2016-20, which places an emphasis on increasing household income and consumption, universal social protection and the development of the service sector.

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Reaching out to vulnerable workers through worker facilitation centres

**Hans-Christoph Ammon, Namerta Sharma,
Durgam Rajasekhar, Loveleen De and Jurriaan Linsen**

Summary

In a country with a vast informal economy and limited awareness of and access to social protection, worker facilitation centres (WFCs) follow a proactive approach to reach out to people in remote areas.

WFCs provide a single-window service available to informal economy households in the state of Karnataka in India. They improve access to social protection benefits by acting as a crucial bridge between government departments operating social protection schemes and informal economy households.

WFCs believe in taking social protection to the households of beneficiaries instead of waiting for them to approach the centres. Their primary functions include:

- (a) identifying and recording information on eligible households and members;
- (b) assisting people with the documentation required to register for schemes and claim benefits;
- (c) providing information on, and creating awareness of, social protection.

Main lessons

- WFCs are a concrete mechanism to implement the provisions of the Unorganised Workers' Social Security Act of 2008.
- WFCs show how a single-window service and case management can help households to access social protection services and benefits by facilitating

complex procedural requirements and addressing the drawbacks of a fragmented delivery system.

- Community facilitators or other people who work at the WFCs visit beneficiary households to inform remote and vulnerable population groups about their right to social protection and include them in existing social protection schemes. The proactive approach followed by WFCs can be an inspiration for countries with many social protection schemes and low coverage.
- A well-designed management information system bridges the gap between the Government's existing programmes and intended beneficiaries. In addition, strict quality control systematically monitors community facilitators and contributes to the effectiveness and efficiency of the delivery mechanism.

42.1 Why is there a need for WFCs?

In India, 93 per cent of the workforce is in the informal or unorganized sector, which contributes about 60 per cent of the gross domestic product (GDP). Informal sector workers usually do not have a direct, formal or contractual relationship with their employers; therefore, they lack access to sufficient and reliable social security benefits. On the demand side, there are intrinsic challenges, such as illiteracy among workers, low awareness of entitlements and a lack of access to organizations or groups that can represent workers' interests. On the supply side, social policies are fragmented, with low convergence among schemes, while information management is inadequate and transaction costs are high.

In 2008, the Government of India passed the Unorganised Workers' Social Security Act, which stipulates minimum social security measures for informal sector workers, including health and maternity benefits, old-age pensions and death and disability grants. Subsequently, national- and state-level social security boards were set up to implement the provisions of the Act. The Act also encourages the formation of WFCs.

Recognizing the need to bridge the gap between the Government's existing programmes and intended beneficiaries, the Department of Labour of Karnataka, with support from the German International Cooperation, established WFCs in 2011, whose main objectives are to provide information on social protection schemes, identify and register prospective beneficiaries and help users to access benefits and services.

WFCs are set up at the lowest administrative levels of government, i.e. village councils or urban wards. Each WFC covers 1,000 households, including in remote areas. Thus, they reduce the high opportunity costs for informal sector beneficiaries to access services.

42.2 How do WFCs function?

WFCs cover informal economy workers, such as agricultural labourers, construction workers, domestic helpers, garment workers and home-based workers in Karnataka. These workers rarely have formal labour contracts, access to social protection or entitlements to the minimum wage.

There are 250 WFCs in Karnataka, housed in village council offices (in rural areas) or municipal offices (in urban areas). They are equipped with computers, printers and Internet access, and are run by community facilitators from the same locality. This contributes to their acceptability by beneficiaries. Community facilitators conduct household visits to:

- (a) identify eligible beneficiary households and collect basic household information;
- (b) upload the information obtained to the management information system;
- (c) disseminate information on existing social protection schemes for the unemployed, sick, injured, elderly and survivors, as well as on education scholarships;
- (d) assist beneficiaries to obtain, fill and submit the necessary documents and application forms;
- (e) follow up benefit claims.

Community facilitators play a special role as they do not wait for beneficiaries to come to centres and apply for benefits; instead, they visit the households in the WFC's jurisdiction. To ensure alignment between their work and the State's agenda on social protection delivery, the WFCs have governing committees at different levels (see figure 65 below).

The State Steering Committee, headed by the Chief Secretary, provides overall guidance for interdepartmental coordination and cooperation. The Implementation Committee, headed by the Commissioner of Labour, discusses problems related to the implementation of the project and takes corrective

Figure 65. Institutional framework of worker facilitation centres in India



Source: Germany, n.d.

actions. The District Coordination Committee facilitates interdepartmental cooperation for the convergence of different benefits and greater outreach to beneficiaries. The WFCs are at the lowest level of this institutional framework. They are overseen by a Project Management Unit, consisting of technical staff and the State Coordinator. The Project Management Unit interacts with all levels to analyse, consolidate and share information, and to coordinate quality checks and impact studies.

All this information, along with data on prospective beneficiaries, existing social protection schemes and data from other relevant government departments, are consolidated in a custom-designed management information system. Data on beneficiaries are collected by community facilitators through surveys and updated into the beneficiary database. The quality of these surveys is monitored by a third party that samples and conducts reverse checks on the surveys.

The community facilitators receive capacity training for their role, covering a conceptual understanding of social protection, key social protection schemes, the conditions of informal economy workers and communication skills.

42.3 What impact have WFCs had so far?

The social protection system in India is affected by many challenges that create barriers to access, such as inadequate and poorly disseminated information, a complex delivery system and high illiteracy and poverty rates. Against this backdrop, WFCs have helped to identify and register eligible households and facilitate their access to benefits. WFCs have also significantly improved the coverage of schemes that are most relevant to informal economy workers, including health and accident insurance, death benefits and pensions.

The management information system used by the WFCs contains data on 260,348 households out of a total estimated 361,525 informal economy households in Karnataka. Within those households, 260,470 individuals were found to be eligible for existing social protection schemes and community facilitators have helped to submit applications for 47 per cent of them, of which 72 per cent have been approved.

The findings of a randomized controlled trial conducted in 2012 show that WFCs have helped to increase people's awareness of social protection schemes and improved access to them. For instance, the coverage of the Rashtriya Swasthya Bima Yojna (National Health Insurance Scheme) was 75 per cent higher in households covered by WFCs. The study also showed that older WFCs performed better, suggesting that their performance improves over time.

42.4 What's next?

The following bottlenecks hamper the effective coverage of all eligible beneficiaries:

- (a) slightly more than 50 per cent of eligible individuals have not yet had their applications submitted;
- (b) submitting applications involves complex and time-consuming procedures, such as completing separate forms for different schemes and providing formal documents, such as proof of age, which are difficult for informal economy members to acquire;
- (c) informal economy households are often reluctant to register for contributory schemes because they may not understand the mechanisms and advantages of insurance and may not have clear information about the benefits they could receive in future.

To address these bottlenecks and increase the effectiveness of the WFCs, the government of Karnataka State decided to expand the WFC model in September 2015. This was done by launching 1,200 single window service centres that provide training and employment services in addition to WFC functions.

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One stop shops covering herder communities

Thibault van Langenhove and Céline Peyron-Bista

Summary

The One-stop-shop (OSS) project is a response to the challenge of providing quality social services in Mongolia, the most sparsely populated country in the world.

Starting in 2007 and implemented nationwide since 2013, OSSs deliver social protection and employment counseling services, as well as notary and banking services at aimag (provincial) and soum (district) levels.

Gathering representatives from different government agencies (including social insurance, social welfare and employment departments), the OSS project has offered the Government an opportunity to enhance the legal framework for the provision of public service and improve the accessibility, awareness and transparency of services provided.

Now commonly used by the population, the OSS project provides an opportunity for local administrations to improve the coordination and quality of public services provided to their populations.

Main lessons

- Even the most sparsely populated country in the world can guarantee universal access to social protection for its population.
- Each OSS is a single delivery point that enables people to access information on existing programmes and receive social services and transfers; the system therefore contributes to the extension of social protection coverage.

- In addition, mobile OSSs deliver services to the doorsteps of those who cannot travel to an OSS facility, such as older people or herders who cannot leave their livestock.
- By providing a common delivery point for all social protection and employment programmes, the OSS project enhances coordination among the responsible institutions, while reducing duplication and inefficiencies. It also bridges the division between social welfare and social insurance and fosters the creation of a comprehensive social protection system.
- The OSS project could be used to establish a common monitoring and evaluation system for the social protection system and local development plans.

43.1 The challenge of delivering quality services to remote areas of the most sparsely populated country in the world

With a population of 2.8 million inhabitants and a density of less than two people per square kilometre, Mongolia is the most sparsely populated country in the world. Driven mainly by the mining sector, Mongolia's economy has grown rapidly in recent years.

Mongolia has a well-developed social protection system (social insurance, social welfare and active labour market policies) that provides social benefits and employment services to people at every stage of life. In 2012, 97.8 per cent of the population were covered by the Social Health Insurance Fund, a mandatory insurance scheme that is subsidized for specific and vulnerable groups.

However, delivering social services and transfers across a very sparsely populated country is challenging. In many cases, to receive a public administrative service in Mongolia a citizen must visit several service-providing departments that may be located at considerable distances from each other. Therefore, applying for services can take a lot of time and impose transportation costs and, for citizens traveling from remote *soums* to *aimag* centres, additional costs such as boarding and lodging. Moreover, information is sometimes inaccurate, insufficient and/or difficult to obtain.

Launched in 2007 with support from the Swiss Development Cooperation and implemented by the Human Security Policy Study Centre, an NGO, the OSS project established facilities in which citizens can receive several kinds of public

services and a number of privately delivered notary and banking services. These accessible and customer-oriented OSSs aimed to increase the accessibility, transparency and efficiency of public service delivery and to reduce corruption and transaction costs.

Based on this initial pilot project, the OSS was extended to the whole country in 2013 by adoption of Government Decree No. 153 and its related Regulation on One-Stop-Shop activities.

43.2 Officers from different schemes and programmes gather in a single room at the local government office

The main feature of the OSS project is that it brings together in one place the officers of different social protection schemes, employment programmes and other public and private services. As stated by Decree No. 153 of 2013 on the establishment of OSSs, such facilities are to be implemented in all administrative subdivisions of Mongolia: Ulaanbaatar districts, *khoroos* (subdivisions of Ulaanbaatar districts), *aimags* and *soums*. In each location, the OSS facility is placed under the responsibility of the head of the Governor's Office.

The following schemes, programmes and services are required to be represented in each OSS facility:

- (a) social insurance;
- (b) social welfare;
- (c) employment promotion;
- (d) land management;
- (e) civil registration;
- (f) bank and notary services.

To answer specific local needs, additional services can also be included in the OSS facility (e.g. veterinary and livestock services).

The officers working in the OSS facility are civil servants and salaried workers of the schemes, programmes and services they represent. They report directly to their institutions of origin and there is no reporting line between them and the head of the Governor's Office, who is responsible for ensuring the smooth functioning of the OSS facility.

Mobile OSSs are now being extended to two additional *aimags* in order to expand the initiative and provide government services to all the most remote areas of the country.

43.3 Thanks to the OSS, public services are more accessible

More than 60 per cent of Mongolia's population use an OSS facility on a regular basis. In 2011, 31 established OSSs served more than 1.8 million customers, including more than 600,000 customers in Ulaanbaatar City and more than 1.2 million customers in rural areas. A 2011 internal survey found an 85 per cent satisfaction rate with OSS services.

The concentration of many administrative services in one location has enabled customers to save time and money in accessing services. The implementation of the OSS project has resulted in the clarification and simplification of the application and claim processes of the social protection sector. The description of the different steps citizens must take to obtain benefits is detailed in guides for citizens that are available at each OSS facility. In addition, many local administrations have installed a telephone hotline for citizens to obtain instant access to accurate information about services and the necessary documents they need when visiting their OSS facility.

Figure 66. Illustration of a guide providing information for Mongolian citizens on the enrolment process to access social welfare benefits



The proximity of the different officers in the OSS facility has also led to better coordination between the social welfare agency, the social insurance scheme and employment promotion services. In some localities, memorandums of understanding have been signed between these different organizations in order to offer combined benefit packages that better address the needs of households and reduce poverty more effectively.

43.4 Next steps

The implementation of OSSs is not yet complete in each *khoro* and *soum*. Hence, there is room for the Government to further enforce Regulation No. 153, building on the successes already achieved and accumulated experience.

Vertical coordination between OSSs that exist at different administrative layers and horizontal coordination with the pre-existing line divisions of centralized schemes would also benefit from being further clarified. At present, some OSSs and local divisions of social protection schemes are competing to attract recipients. A list of services available in OSSs at different layers within the administration could be introduced in order to ensure consistency across OSSs and their complementarity with services provided by other existing divisions.

Today each OSS officer manages their own registry of beneficiaries without sharing that information with officers of other schemes and programmes. The development of a single beneficiary database with a unique identification system would further simplify administrative processes, enhance possible synergies between programmes and lead to a common monitoring and evaluation system that could be used for national reporting and the improvement of local development plans.

Finally, despite important efforts and encouraging results, the processes for enrolling in programmes and claiming benefits remain quite complex compared to other countries. There may be a need to further simplify administrative procedures from the user's point of view, thus promoting more cooperation between the different components of the administration.

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Community outreach and registration for socially excluded people

Clara van Panhuys, Tomás Barbero, Frank Earl and Pathamavathy Naicker

Summary

The Integrated Community Registration Outreach Programme (ICROP) for socially excluded people in rural and semi-urban areas of South Africa has considerably improved people's effective access to existing social services and benefits.

Despite the existence of basic social services and benefits in South Africa, a significant number of people did not have effective access. This situation led the South African Social Security Agency (SASSA) to consider a more integrated and intensive approach to reach excluded people. As a result, mobile units were dispatched to deliver the Child Support Grant in 2001. This programme was the predecessor of the ICROP, which was launched in 2007.

The ICROP is an outreach programme delivering social services through fully equipped mobile one-stop service units or vehicles equipped with modern technology, facilities and personnel. Its objective is to promote development, poverty reduction and social inclusion for isolated people.

Main lessons

- A concrete set of measures, such as those that make up the ICROP, ensure the accessibility and adequacy of existing benefits and services, while effectively extending social protection coverage.
- The use of mobile units and the latest available technology has proven to be effective in reaching out to excluded communities in rural and geographically isolated areas.

- The delivery of social protection programmes and services across the country follows a standardized approach both in areas targeted by the ICROP and areas where fixed service points and local offices facilitate delivery. As a result, service delivery has become more effective and efficient while administrative costs have been reduced. However, these results required good coordination among institutions, processes and tools at the national and decentralized levels.

44.1 How was the ICROP set up?

The South African Constitution stipulates that “everyone has the right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance” (article 27 (1)(c)).

Since 1996, government priorities have included eliminating poverty and reducing inequality, unemployment, mass deprivation and serious service delivery lags. The redistribution of resources through cash transfers has become the country’s primary poverty reduction strategy. South Africa also provides free primary health care for all, school nutrition and fee waivers for poor students.

Despite the existence of social protection programmes, between 2001 and 2007 there were no major improvements in poverty and deprivation indexes (where deprivation was measured along five dimensions, including income and material, employment, education, biological parents and service delivery), in particular in rural and semi-rural areas (Barnes et al., 2007). An evaluation of social interventions identified the need to expand and improve the delivery of social services and transfers.

Concerned with these findings, SASSA decided to launch the ICROP in 2007 in order to institutionalize and expand the existing successful Child Support Grant outreach programme. Since the President’s launch of the “war on poverty” in 2008, the ICROP has evolved into a government-wide programme that provides all services in an integrated manner for the most excluded population groups.

44.2 What does the ICROP look like?

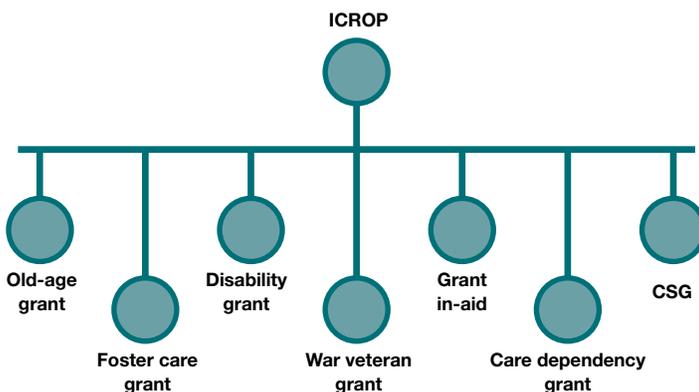
The ICROP aims to reach out to socially excluded and isolated population groups and communities in order to ensure the accessibility, availability, adequacy, affordability and acceptability of social services and benefits. It primarily

targets remote rural, rural and semi-urban areas, which were the most socially excluded and isolated areas according to the 2007 deprivation index.

Through fully equipped and well-staffed mobile units and other outreach services, the ICROP:

- (a) facilitates beneficiary enrolment and registration processes and issues smart cards that provide access to benefits;
- (b) since 2013, identifies beneficiaries through biometric (fingerprint and voice) recognition;
- (c) updates a web-based beneficiary database in real time or within 7 to 21 work-days, depending on connectivity;
- (d) raises awareness and provides information on existing benefits and services;
- (e) provides access to pay points where smart cards can be used at minimal cost and with reduced waiting periods (ICROP does not pay the grants: the grant payment system is outsourced to a private company and the benefit amounts can be retrieved at accredited merchants, ATMs, banks or pay points);
- (f) facilitates access to the appeals process, including applications for representation to appeal against the decision to terminate benefits;
- (g) conducts home visits by medical staff and social workers to ensure that individuals who are unable to go to the hospital or leave their homes, due to disability or sickness, have access to services and benefits.

Figure 67. Programmes covered by the Integrated Community Registration Outreach Programme (ICROP) in South Africa



Source: SASSA website.

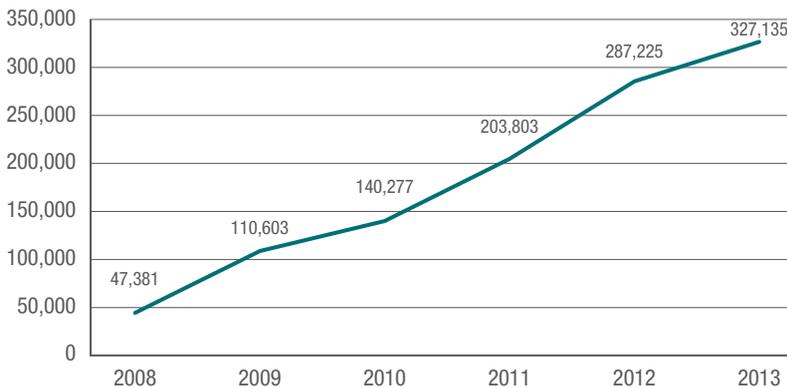
The lead agency for social protection programme implementation is SASSA, which falls under the Department of Social Development. Other departments, including the departments responsible for home affairs, health, justice, education, agriculture and cooperative governance, as well as local municipalities, are involved in programme delivery. The police are involved to ensure safety and security. An inter-ministerial committee facilitates coordination among departments. Although decisions are made at the central level, delivery occurs at the provincial, district and local levels through local offices, pay points or ICROP mobile units. The benefits provided by SASSA are rights-based and are implemented according to uniform standards governed by a solid legal framework

The budget for the ICROP is allocated by Parliament and managed according to the Public Finance Management Act. It is funded from tax revenues; for 2013-14, the budget was approximately 4.5 billion rand (ZAR) (US\$481 million). Key expenditures are vehicle maintenance and staff costs.

44.3 The impact of ICROP on people's lives

In 2011, about 45 per cent of the country's total population was concentrated in rural areas, of 20 per cent of them in remote rural areas. A recent study indicates that in rural areas targeted by the ICROP programme, the proportion of the population effectively covered by existing social protection programmes was

Figure 68. Cumulative child grant registrations through the Integrated Community Registration Outreach Programme (ICROP) in South Africa, 2008-2013



Source: South Africa and UNICEF (2013).

high compared to the estimated target population (South Africa and UNICEF, 2011). Between 2007 and 2013, ICROP served more than 730 wards and completed more than 320,000 applications for children to access the Child Support Grant.

The ultimate aim of ICROP is to contribute to poverty reduction. According to World Bank data for 2011, following the increased beneficiary inclusion rates for existing social protection programmes after the introduction of ICROP in 2007, the poverty headcount ratio decreased from 57.2 per cent in 2006 to 45.5 per cent.

ICROP also aims to make beneficiaries financially independent by providing opportunities for skills development, employment and entrepreneurship through small public employment initiatives. For example, SASSA's social relief of distress programme supplies food purchased from local garden producers and school uniforms purchased from local cooperatives to destitute individuals within the community. Hence, the initiative not only benefits children and families but also enhances local economic growth and sustainable development within poor communities.

44.4 What's next?

The ICROP has significantly improved the access of rural populations and persons with disabilities to existing grants. However, the following challenges remain:

- (a) the programme was designed without considering physical impediments; for example, in some cases the vehicles are too large to reach communities. It is important to assess how to best reach out to these communities;
- (b) the SASSA needs to further invest in training for the staff of mobile ICROP units who are in direct contact with beneficiaries;
- (c) ICROP initiatives to increase beneficiaries' economic independence initially faced difficulties since they would have involved assessing and providing financial opportunities to more than 8 million people. The approach was recently modified and now focuses on smaller-scale projects. Projects promoting linkages between social grants and employment or skills development initiatives should be encouraged and enhanced;
- (d) the SASSA needs to adapt its strategies to enhance its service delivery to poor people in affluent provinces and urban areas where the number of po-

tential beneficiaries who do not have effective access to existing social grants has increased in recent years. Services may be available in these areas, but are insufficient and understaffed;

- (e) an institutionalized mechanism for service delivery audits, public consultations and the collection of feedback needs to be designed and established to assess satisfaction and improve the delivery system;
- (f) several reforms are being initiated as part of the extension of a national social protection floor, which may lead to the establishment of new schemes; the ICROP needs to be ready to support the effective delivery of these potential new services and transfers.

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A unified identification system SISBEN

Lucia Mina Rosero, Lina Castaño and Alfredo Sarmiento

Summary

Through the establishment of a unified household vulnerability index, Colombia has channelled social assistance to those in need and reduced inequalities in the country.

The System of Identification of Potential Social Programme Beneficiaries (Sistema de Identificación de Potenciales Beneficiarios de Programas Sociales or SISBEN) produces a household vulnerability index that is used to identify the beneficiaries of social assistance programmes in Colombia. During the 1990s, the Government shifted public subsidies from the supply side of social and health services to the demand side, making it necessary to identify target groups that would receive subsidized social protection.

Progressively implemented since 1995, SISBEN is based on data collected by the country's 1,101 municipalities and districts. In 2013, 10 institutions running several social protection and employment programmes were using SISBEN to identify potential beneficiaries.

In 2014, the SISBEN database held information on more than 34 million people or more than 70 per cent of the national population.

Main lessons

- A common system to assess vulnerabilities and identify potential beneficiaries can contribute to improving coherence across social protection programmes.
- A common system also helps to improve the transparency and traceability of the administration of social protection systems since entitlements are determined using a transparent methodology.

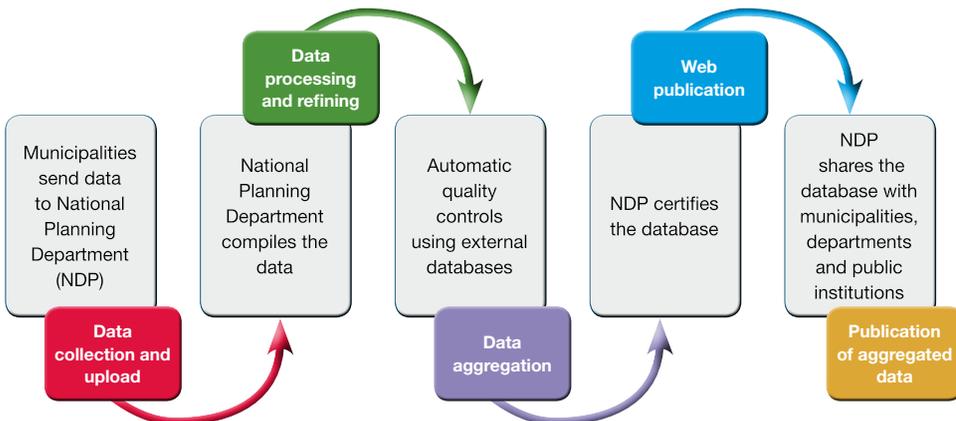
- By establishing one common mechanism to assess vulnerabilities and identify beneficiaries, social protection programmes were able to develop a more reliable identification system at a lower administrative cost.
- Local governments are invited to play an important role in collecting data that is used to develop and update SISBEN; the system has therefore fostered collaboration between national and local institutions.

45.1 The need for an identification tool in the context of shifting subsidies from supply to demand side

Colombia is the second most populated country in South America after Brazil. According to World Bank statistics, it had 48.3 million inhabitants in 2013, 31 per cent of whom live below the national poverty line. Income distribution is also unequal, with a Gini coefficient of 53.5 in 2012, which ranks Colombia the sixth most unequal country in Latin America.

Access to social protection is a constitutional right. Article 48 of the Constitution of 1991 states that “Social Security is a mandatory public service which will be delivered under the administration, coordination, and control of the State, subject to the principles of efficiency, universality, and cooperation within the limits established by law. All the population is guaranteed the irrevocable right to Social Security.”

Figure 69. SISBEN logical flow from data collection by municipalities to the publication of aggregated data



At the beginning of the 1990s, Colombia, like many other countries in the region, reformed its social protection system and shifted public subsidies from the supply of health and social services to the demand side (cash transfers, subsidies for social protection contributions, etc.). At the onset, subsidies in the health sector were allocated to public and private health-promoting entities using existing municipalities' census lists and a socio-economic classification of households. These tools were inappropriate for identifying those most in need and contributed to the exclusion of a high proportion of people from social health protection.

In order to address this challenge, SISBEN was established to identify those most in need of protection and, based on each social protection programme's eligibility criteria, to link the programme to a list of potential beneficiaries.

45.2 An identification mechanism shared by 10 institutions

SISBEN began operations in January 1995. In 1997, the National Planning Department (NPD) issued a rule instructing all municipalities and districts to adopt the system.¹ SISBEN has since become mandatory for all social programmes.

Since its creation, SISBEN has evolved through three versions. The latest version (SISBEN-III) comprises three components: a socioeconomic survey to collect data, a welfare index to assess vulnerabilities and software to estimate an index score for each household.

The SISBEN welfare index is defined by the NPD and on the basis of the index, each household receives a score from 0 to 100 (from poorest to richest). The score is calculated by software, using 24 variables across 4 dimensions: health, education, housing and vulnerability. Scores and variables are adjusted according to household location (main cities, urban areas and rural areas). The vulnerability assessment takes into account two perspectives: (a) that of the individuals and households and (b) that of the context in which they live.

SISBEN is a nationally defined tool administered at the decentralized level. Municipalities/districts are responsible for the management of SISBEN in their territories through ad hoc committees. Departmental coordinators liaise

¹ Social CONPES 040 of September 1997, document approved by the National Council of Economic and Social Policy.

between the NPD and the municipalities/districts. The data collected at the local level is compiled in a national database, which is updated on a regular basis (every month), which guarantees consistency of data at any time and place.

The collection of data is the responsibility of municipalities and districts, who use two types of survey: sweeping and on-demand. Sweeping surveys are similar to the census and are based on a door-to-door approach in the poorest geographical areas and neighbourhoods; they are used to build the initial database and should be conducted every three years. Through the on-demand survey, people can update their data at any time when they need to correct names, add or remove household members or request a new assessment of their vulnerabilities.

Social programmes using SISBEN receive the national aggregated database from the NPD. Based on their available budget and policy design, the programmes set the maximum eligibility score that will be applied and may choose additional eligibility criteria or qualifying conditions. By applying the score barrier, criteria and conditions to the database, the SISBEN delivers a list of potential beneficiaries. In 2013, the following 10 institutions running several social protection and employment programmes each used the SISBEN to identify potential beneficiaries: the Ministry of Health and Social Protection, the Ministry of Labour, the Colombian Institute for Family Welfare, the National Ministry of Education, the Department for Social Prosperity, the Colombian Institute for Overseas Studies, the Ministry of Agriculture, the Ministry of Housing, the Servicio Nacional de Aprendizaje, Registraduría Nacional del Estado Civil, and the Armed Forces.

45.3 This cost-effective mechanism channels social assistance to those in need and reduces inequalities

The use of a unified set of rules to assess vulnerability through the SISBEN has increased the consistency and coherence of the social protection system in Colombia.

In addition, existing programmes have saved administrative costs by sharing the burden of the development and maintenance of the SISBEN database. The average cost of a survey (sweeping and on-demand) was estimated at US\$4.41 for SISBEN-II, lower than the cost of similar mechanisms adopted in Chile (US\$10 in 2003) and Mexico (US\$12 in 2000) (Colombia, 2007). The cost of conducting the national survey once every three years under SISBEN-II was about 2 per cent of the annual cost of the subsidized health-care package.

SISBEN uses traceable and well-founded statistical techniques. It is coherent and decentralized and embeds continuous monitoring and evaluation into its processes.

45.4 Next steps

Currently, there are discussions about refining the definitions of individual and contextual vulnerabilities to better reflect Colombia's diversity. Households with identical conditions in terms of health, demographic structure, education and assets have similar scores even though they may reside in areas with different availability and quality of public services. Indeed, these households should have different vulnerability levels, which is not yet the case under the current SISBEN.

Also, SISBEN does not fully capture the transitory shocks, such as job loss, that may happen between sweeping surveys and are likely to have an impact on households' vulnerabilities. It may be necessary to establish complementary mechanisms to identify households affected by temporary contingencies.

SISBEN has the potential to be an effective tool for monitoring the utilization of services and measuring the impact of social protection programmes on poverty and other dimensions. However, these functions remain underdeveloped.

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Protecting rural migrants

Aidi Hu

Summary

More than 270 million people, accounting for 35 per cent of the national labour force, have migrated from their rural villages to urban cities in China. Due to a series of expansionary measures of the social protection system in China, in particular the expansion of the minimum living standard guarantee (dibao) to all rural and urban poor and the introduction of subsidized health insurance and pension schemes for urban and rural residents, the social protection coverage of rural migrant workers has significantly improved in recent years. More rural migrant workers are also progressively included under the social insurance scheme for urban workers (SIW), which provides them with more comprehensive and higher levels of protection.

Main lessons

- China's experience shows that migrant workers, despite their large number and high mobility, can progressively be included under existing social protection schemes.
- Extensive coverage of migrants was feasible because of large government subsidies for persons without formal jobs or self-employed persons.
- Thanks to the social security law enacted in 2010 that requires rural migrant workers to join SIW and the introduction of health and pension schemes for urban and rural residents (SIR), in which many rural migrant workers participated with their rural or urban-based families, migrant workers and their families are better integrated into urban life, with higher levels of consumption and improved health status, all of which are essential for achieving a harmonious society, which is a national strategic objective.

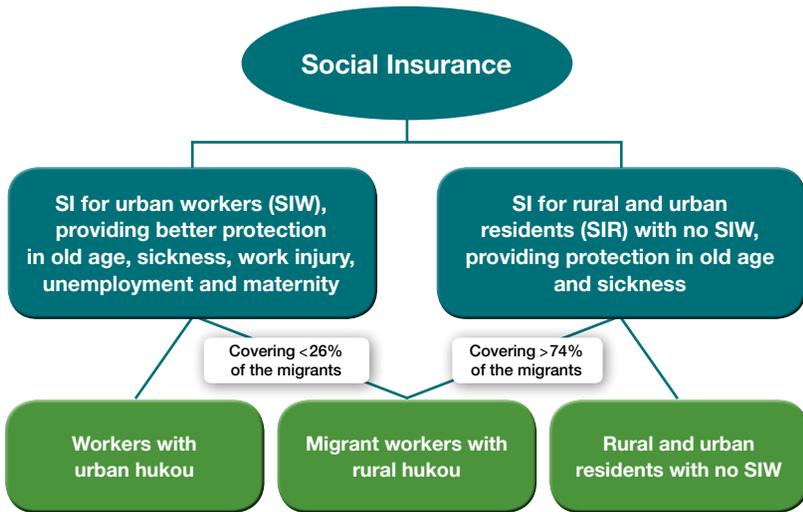
- However, the achievement of basic and universal coverage is only the first step. As China develops, continuous efforts will be needed to improve the adequacy of protection for migrant workers.

46.1 How are migrants covered?

In China, social protection was extended to rural migrant workers through two principal schemes: the SIR and the SIW.

Urban workers are registered under the SIW, while rural and urban residents are entitled to the SIR, which offers a lower level of protection than the SIW. Initially, most rural migrant workers were covered by the SIR; however, the new social security law enacted in 2010 authorizes rural migrant workers working in urban areas to be registered by their employers under the SIW.

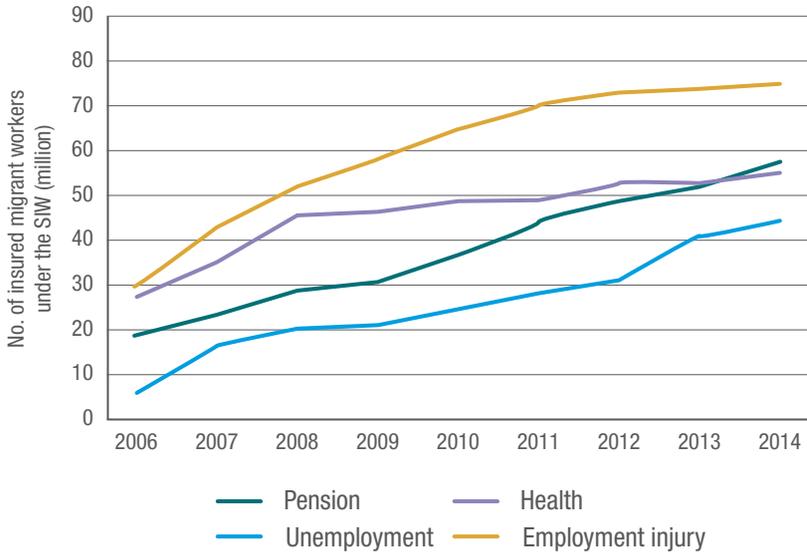
Figure 70. Social insurance in China



As a result of the implementation of the social security law, the number of migrant workers participating in SIW has increased in the last few years. Today, the proportion of rural migrant workers covered by the SIW has reached 26 per cent of the total number of rural migrant workers (see figure 71).

As a result of the inclusion of rural migrant workers in the SIR and SIW and the extension of coverage under these two schemes, rural migrant workers are better

Figure 71. Increase in the number of migrant workers in China insured under the SIW, 2006-2014 (millions)



Source: China, 2006-14.

protected today. Of the 277 million rural migrant workers in 2015, about 80 per cent were covered by the old-age pension schemes for urban workers or for residents, and more than 95 per cent were covered by the health insurance schemes for urban workers or for residents. In addition, all poor rural migrant workers are entitled to the *dibao*. The objective of the Government is to provide basic health and pension protection to the entire population, including this group, by 2020.

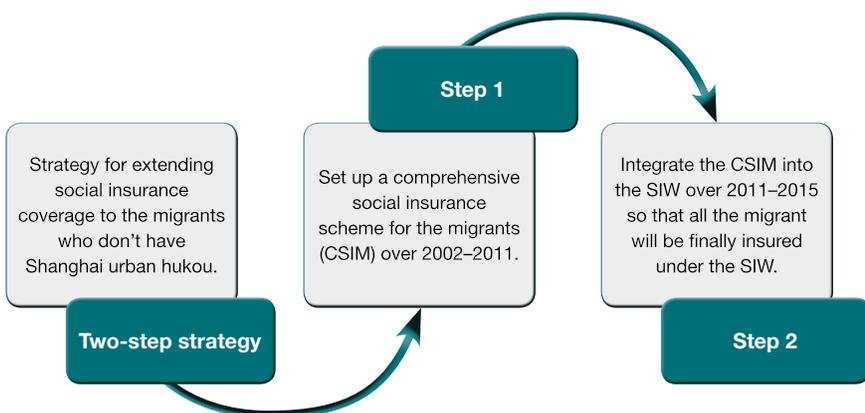
46.2 How were these breakthroughs achieved?

The effective extension of social protection to rural migrant workers can be explained by various national and regional policies and initiatives, as follows:

- in 2002, the Central Committee of the Community Party of China (CC of CPC) and the State Council decided to strengthen rural health, which led to the creation of a rural health insurance programme in 2003;
- in 2007, the State Council decided to extend the *dibao* to rural residents; it provides income security and other social assistance services to the rural poor;

- in 2009, the CC of CPC adopted a policy on rural reform and development that led to the introduction of a rural pension system;
- with the adoption of the Social Insurance Law in 2010, coverage under the SIW for all rural migrant workers with employment contracts became a legal requirement;
- in line with the Social Insurance Law, the Employment Injury Regulation was revised in 2011, which has facilitated the extension of employment injury insurance to migrant workers and now has the highest coverage rate of all branches of the SIW;
- a government policy was adopted in 2013 to gradually merge urban and rural residents' health insurance programmes; although the merge has yet to be completed, the schemes' essential parameters, such as benefit packages and fiscal subsidies, are being aligned and strengthened;
- in 2014, the State Council decided to merge the basic old-age insurance programmes for urban and rural residents, and measures to improve the portability of accumulated social security rights and entitlements were developed and implemented. Migrant workers today are better protected, which encourages more workers to migrate within China.

Another important feature of the Chinese social protection system is decentralization. Local authorities are responsible for the design and daily management of their schemes, in line with the principles set by the central Government. The level of regional motivation, commitment and innovation is thus as important as national policies for the extension of social protection coverage to rural migrant workers. Shanghai can be presented here as a concrete example, as follows:



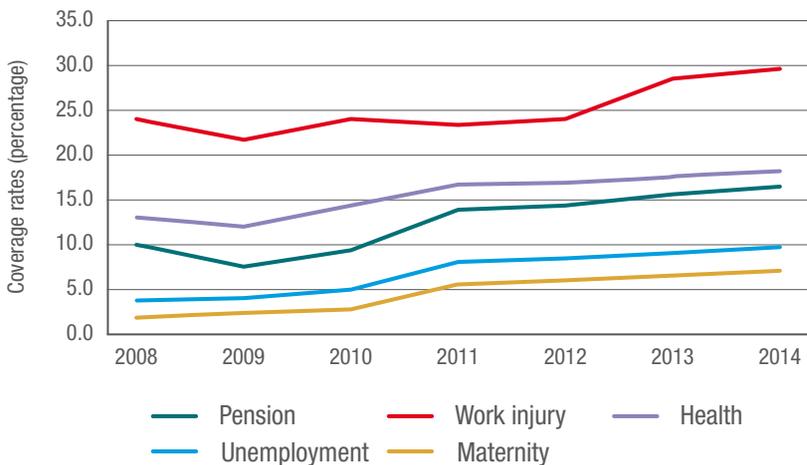
The municipal government of Shanghai was innovative in its strategy to extend SIW coverage to migrants. The extension started with a transitional scheme known as the Comprehensive Social Insurance for Migrants (CSIM). Instead of providing insured migrants with a full range of social insurance, the CSIM focused on protection in three areas, namely employment injury, hospitalization and retirement. After nine years of operation, more and accurate information had been collected, administrative capacity had been strengthened and the coverage of CSIM had broadened. In 2011, the municipal government of Shanghai launched the second step, i.e., integrating CSIM into the mainstream SIW scheme.

It is expected that when the integration is complete, more rural migrant workers employed in the region of Shanghai (regardless of their type of hukou) will be covered under SIW than urban workers. This will contribute to increasing the adequacy of benefit entitlements for rural migrant workers.

46.3 What are the remaining challenges?

As explained previously, the SIW provides higher levels of protection than the SIR, which does not provide any protection against work injury, unemployment or maternity.

Figure 72. Coverage rates of persons in China working outside their rural town



Source: China, 2013 and 2014.

Despite the enactment of the social security law in 2010, most migrant workers are still covered by the SIR even though they should be registered under the SIW by their employers. As indicated in figure 72, the SIW coverage rates of those working outside their rural town is less than 30 per cent for employment injury and less than 20 per cent for old-age pensions and health.

To improve the adequacy of benefits for rural migrant workers, China will need to provide access to the SIW to more rural migrant workers by fully implementing the social security law. To that end, a four-year national campaign on universal social security registration was launched by the Ministry of Human Resources and Social Security in 2014. It aims to develop an integrated national social security database so that full coverage, in particular for vulnerable groups such as rural migrant workers, can be progressively achieved.

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Ensuring adequate work in rural areas through the Mahatma Gandhi National Rural Employment Guarantee Scheme

Cheng Boon Ong and Loveleen De

Summary

Enacted on 7 September 2005, the Mahatma Gandhi National Rural Employment Guarantee Act in India entitles every rural household, on demand, to a minimum of 100 days of paid work each year at minimum wage. The ensuing public works programme represents an innovative rights-based approach to supporting the income security of rural households while creating productive assets and strengthening local governance.

The first phase of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was launched in February 2006. Initially covering 200 of the poorest districts, all districts with sizeable rural populations were eventually included by 1 April 2008 (India, 2014). MGNREGS is the largest public works programme in the world, providing unskilled manual work to 57.8 million adults in 38.9 million rural households during the fiscal year 2014-15 (India, 2015).

Main lessons

- Since its inception in 2006, the MGNREGS has provided an alternative source of income to workers in rural areas, in particular women and economically backward communities, has created productive assets and has empowered the local *panchayati raj* institutions (PRIs) through the implementation and monitoring processes.

- A recent ILO study concludes that the 2005 Act satisfies many of the provisions under the ILO's Social Protection Floors Recommendation, 2012 (No. 202), such as “universality of protection”, “entitlement to benefits prescribed by national law”, “social inclusion” and “respect for the rights and dignity of people covered by the social security guarantees” (Ehmke, 2015). The legal framework of the Act also reinforces programme sustainability.
- To realize the full potential of an ambitious programme such as the MGNREGS, policy-makers and implementing agents will need to address several key issues, such as limited public awareness, low administrative and delivery capacities (with large gaps between states), low quality control of assets created and ineffective monitoring and auditing mechanisms (India, 2013).
- In states and localities where MGNREGS has been well implemented, many of its social and economic objectives are found to have been achieved (Ehmke, 2015). Hence, MGNREGS serves as a South-South learning example for other developing countries looking to design and implement public works programmes targeted at poor rural households and deliver the social protection floor.

47.1 Why was there a need for MGNREGS?

Almost 270 million people live below the poverty line in India, 80.3 per cent of whom live in rural areas (India, 2014). Poverty and unemployment increasingly afflict the growing population of small and marginal farmers and landless agricultural labourers, fuelling mass migration to urban areas (Sharma, 2011). Poverty is also most acute among female-headed households and marginalized communities, including the scheduled castes and scheduled tribes.

The MGNREGS was introduced in the context of the Government's inclusive growth and rights-based policies, which recognized social and economic development as entitlements of citizens. The MGNREGS aims to:

- (a) provide an alternative source of income during the low agricultural season and poor monsoons;
- (b) empower grassroots governance;
- (c) create durable assets, such as roads and irrigation canals, that will generate sustainable rural livelihoods and discourage migration to urban areas;
- (d) encourage conservation of the environment.

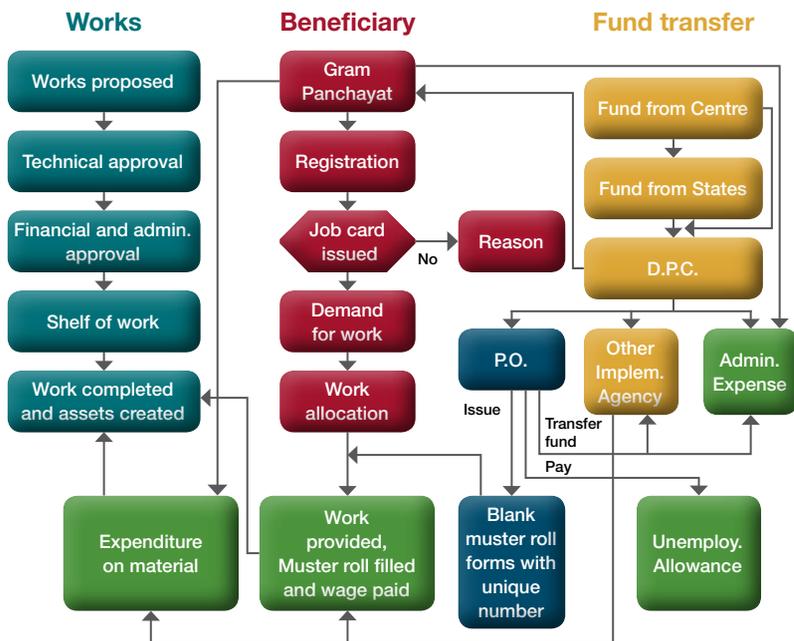
47.2 How does the programme work?

The 2005 Act enforces the right of Indian citizens to work and is based on certain articles of the Indian Constitution. The programme is demand-based and self-targeting for rural households who are in need of minimum income support. During the fiscal year 2014-15, the MGNREGS employed 57.8 million workers, approximately 16.9 per cent of the rural labour force (India, 2015; Misra and Suresh, 2014).

The Act is modelled on the principles of transparency and grass-roots democracy. It stipulates decentralized administration and governance, in line with which every state implements its own MGNREGS and funds it jointly with the national Ministry of Rural Development. Most of the planning, implementation, monitoring and evaluation activities are delegated to the local PRIs.

The uniqueness of the MGNREGS lies in its largely bottom-up, multi-agency and multi-level processes for proposing work projects, registering beneficiaries, financing and sharing costs, measuring output and paying wages (see figure 73).

Figure 73. Workflow of the MGNREGS in India



D.P.C.: District Planning Committee. P.O.: Post Office.

Source: India, 2015; see also Ministry of Rural Development: website (www.nrega.nic.in).

At the lowest level, the Gram Sabha (village assembly) is designated with the task of recommending appropriate projects. The elected Gram Panchayat (village committee) is responsible for decision-making, planning and implementation (at least 50 per cent of work projects by law).

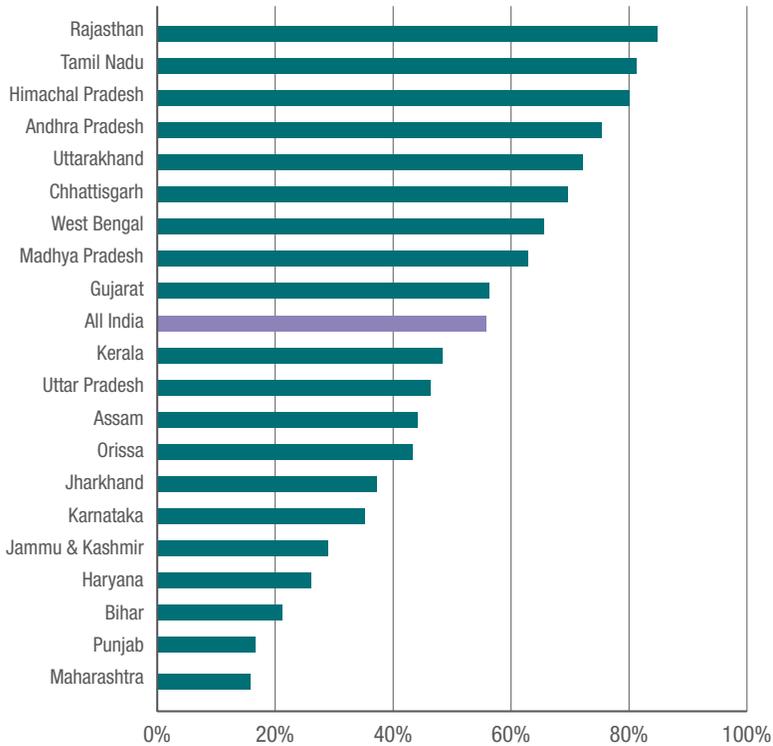
Work should be provided within a 5-kilometre radius of the village, otherwise monetary compensation is given for the additional travel and living expenses. If work is not provided within 15 days of a worker's application, state governments are liable to provide an unemployment cash benefit. Contractors and labour-replacing machinery are banned and at most 40 per cent of the total project cost can be used for materials, skilled labour and administrative costs. The rest is safeguarded as wages for beneficiaries performing unskilled manual work.

A specialized management information system known as NREGASoft is used for management and monitoring of the MGNREGS.

47.3 How has the MGNREGS performed in recent years?

By design, the 2005 Act fulfils many of the provisions under ILO Recommendation No. 202, such as universality of protection, entitlement to benefits prescribed by national law, social inclusion and respect for the rights and dignity of people (Ehmke, 2015). Administrative data from 2014-15 show that the MGNREGS has been successful in ensuring the participation of women and the disadvantaged SC and ST communities. More than half (54.5 per cent) of the work provided has benefited women while 39.1 per cent has benefited scheduled castes and scheduled tribes communities. With 98 million new bank/post office accounts opened for its work payments, the MGNREGS has supported the financial inclusion of the rural poor (India, 2015).

However, some rural households, especially the poor, remain excluded from the scheme due to a lack of awareness or the inability to perform manual work (Ehmke, 2015). Figure 74 illustrates the estimated MGNREGS coverage rate, i.e. the proportion of rural households that have expressed the desire to work and received work, based on the National Sample Survey 2009-2010. Nationally, 56 per cent of households that expressed the desire to work received work. Differences across states are large, varying between 16 and 85 per cent. This being said, almost all households that officially requested work were allocated work, showing that there are a significant proportion of households who are in need of benefits but do not request work.

Figure 74. Coverage rate of the MGNREGS in India, 2009-10

Source: Adapted from Dutta et al., 2012.

Despite contributing to poverty reduction among rural households, the scheme has faced several setbacks. Some of the problems identified during the public audit carried out by the Comptroller and Auditor General of India include shortage of staff, insufficient public awareness of the scheme, lack of effective monitoring and audit mechanisms at the local levels and late wage payments, which reduce the reliability of the scheme as a livelihood coping mechanism (India, 2013). Furthermore, the decentralized organization of the MGNREGS does not fully address the large inter-state differences in administrative and service delivery capacities (Ehmke, 2015). In particular, states with large populations of rural poor such as Bihar, Maharashtra and Uttar Pradesh have been found to underutilize central Government funds to implement the MGNREGS (India, 2013).

47.4 What's next?

To increase the effectiveness of the MGNREGS, the following steps, among others, have been identified (India, 2013):

- (a) hire more staff where there are staff shortages;
- (b) utilize information, education and communication funds to increase beneficiary awareness;
- (c) encourage state governments to pay unemployment allowances through co-funding and monitoring;
- (d) improve administrative records and programme monitoring, especially at the local level, to ensure compliance, prevent misappropriation of funds and evaluate the performance of the MGNREGS.

The MGNREGS has recently introduced guidelines on compensation for late wage payments, initiated mass media campaigns and provided financial assistance to states for the staffing of social audit units and training of MGNREGS staff (India, 2015).

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Integrated livelihood support and employment during disasters

Loveleen De

Summary

The Philippine Department of Labour and Employment's Integrated Livelihood and Emergency Employment Program (DILEEP) provides employment and entrepreneurship opportunities to displaced, disadvantaged and unemployed workers.

A major component of the Philippine social protection system, DILEEP links disaster and climate risk management with social security and active labour market policies. It provides short-term wage employment and facilitates entrepreneurship for people affected by natural calamities and economic shocks, and also enrolls beneficiaries in social insurance.

DILEEP responds to the President's Social Contract with the Filipino People 2011, which calls for veering away from anti-poverty government programmes to well-considered programmes that build capacity and create opportunities among the poor and the marginalized. DILEEP was implemented in the wake of Typhoon Haiyan and benefitted 79,655 affected workers.

Main lessons

- DILEEP shows that social protection systems, combined with employment programmes, can help build the resilience of populations at risk of natural disasters.
- DILEEP promotes a comprehensive approach to decent work for workers in the informal sector. Beneficiaries are paid at the prevailing regional

minimum wage, registered with social security and health insurance and trained in workplace safety.

- DILEEP demonstrates that the pre-existing administrative capacity of social protection and employment programmes can improve the readiness and ability of countries to set up emergency measures and reconstruction programmes in the event of natural disasters.
- DILEEP confirms that cooperation and coordination between government departments and local administrations is necessary to maximize outreach and effectiveness. This is an on-going effort in the Philippines which, as a nation, has adequate coordination at the policy level but limited coordination at the implementation level.

48.1 Vulnerability to disasters and high unemployment

The Philippines is one of the most vulnerable countries to natural disasters in the world; on average, 20 typhoons strike the country every year, affecting millions of people and their livelihoods. Despite strong GDP growth (7.2 per cent in 2013), it has high unemployment and underemployment, recorded at 6.8 per cent and 18.4 per cent, respectively, in 2014. The benefits of growth have not been distributed evenly and Filipino society is highly inequitable, with 25.8 per cent of the population considered poor and 41.6 per cent vulnerably employed as of July 2014 (Philippines, 2014a).

In the light of the country's extreme vulnerability to socio-economic risks and natural disasters, the Government has prioritized the provision of social protection and the reduction of poverty and inequality. The Philippine Development Plan 2011-2016 includes the provision of disaster-sensitive social protection, employment and income support to affected people, which is provided through DILEEP, as depicted in figure 75.

The DILEEP was initiated in 2009 in response to the global economic crisis. It aims to restore livelihoods and provide immediate social protection to vulnerable, unemployed, underemployed and displaced workers and survivors of calamities. This is done by providing short-term employment in infrastructure and non-infrastructure projects that involve the clearance of debris, the rebuilding of roads and shelters, reforestation, coastal resource management and other work. The DILEEP also assists self-employed people by facilitating their access to credit and training (ILO, 2014).

Figure 75. Elements of Philippine Development Plan 2011–2016

Source: Philippines, 2013a.

48.2 Decent employment and livelihood rebuilding

Typhoon Haiyan, one of the strongest typhoons ever to have made landfall, struck the central Philippines in November 2013, killing more than 7,000 people and affecting the livelihoods of 5.9 million workers, 2.6 million of whom were already vulnerably employed and living at or near the poverty line (ILO, 2013). Typhoon Hagupit made landfall in the Philippines in December 2014, causing 1 million evacuations and destroying significant infrastructure.

In the aftermath of those typhoons, DILEEP was swiftly established by the Department of Labour and Employment, in cooperation with the ILO, the Department of Social Welfare and Development and other government agencies. The work performed by typhoon victims included cleaning and repairing public infrastructure and buildings, unclogging canals and clearing and sorting debris. The goal was to enable people to rebuild their communities while simultaneously granting them social protection and temporary income support.

The ILO provides technical and financial assistance to the Department of Labour and Employment and works with the programme to ensure that beneficiaries of DILEEP are not only paid at the prevailing regional minimum wage but also given access to health insurance through the national Philippines Health Insurance Corporation (PhilHealth) programme, accident insurance

through the Government Service Insurance System (GSIS), orientation on occupational safety and health (OSH) and access to training for work scholarships. PhilHealth and GSIS contributions are paid by the Government (ILO, 2014). In this way, the DILEEP follows a rights-based approach to decent working conditions while supporting beneficiaries in their search for better livelihood opportunities.

The DILEEP is an umbrella programme that consists of several interventions targeted at specific vulnerable groups, including displaced workers, fishermen, women workers and persons with disabilities. The major interventions include the Tulong Pangkabuhayan sa Ating (disadvantaged workers) scheme, which provides wage employment for 10 to 30 days to every beneficiary and social protection; the Integrated Services for Livelihood Advancement scheme, which gives working capital to seaweed farmers and fishermen; the Kabuhayan scheme for managing employment under non-infrastructure projects; and entrepreneurship development assistance and other forms of assistance (ILO, 2014).

The Department of Labour and Employment is the main department in charge of the DILEEP. Due to the geographical nature of the country, the population is widely dispersed across its 7,000 islands, making it necessary for the Department to coordinate with its regional offices and accredited co-partners in implementing social protection programmes. Accredited co-partners include local government units, governmental and non-governmental organizations and accredited civil society organizations (ILO, 2014).

The DILEEP assisted 79,655 people who were affected by Typhoon Haiyan (Philippines, 2014b). Data on the number of projects and beneficiaries is recorded by the Department and consolidated in the Community-based Employment Program's Online Monitoring and Reporting System, which is a common monitoring system for all government-run projects.

The DILEEP is backed by executive and department orders. Funds are sourced from the government budget through the adjustment measures programme and from external donors (ILO, 2014).

48.3 Measurable impact on beneficiaries' lives

According to the Department's Secretary, Rosalinda Dimapilis-Baldoz, the DILEEP has had a considerable impact: 90 per cent of beneficiaries have seen their incomes increase and 45 per cent were able to generate employment from

their livelihood projects, while 417,009 informal sector workers who were supported by DILEEP between 2010 and 2014 are now self-employed and earning an income from their ventures (Philippines, 2014b).

The DILEEP helps to rehabilitate communities and encourages and trains people to build sustainable community-based enterprises through the efficient use of locally available resources and raw materials. It also develops awareness of social security by enrolling beneficiaries in PhilHealth and GSIS while introducing them to OSH.

48.4 Challenges and next steps

In the Philippines, there are many interventions targeting disaster victims but limited arrangements for coordination among them. For instance, there is overlap in targeting of beneficiaries between the DILEEP and The Department of Social Welfare and Development's cash-for-work intervention. The Department also operates other social assistance interventions, including conditional cash transfers, community-driven development and entrepreneurial support. The implementation of these schemes needs to be harmonized with those run by the Department of Labour and Employment.

Over the next two years, the Department of Labour and Employment will improve the beneficiary identification system. This will be done through a comprehensive profiling of informal sector workers. The implementation is also expected to become more decentralized, with greater expansion at the grass-roots level.

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Reaching out to rural dwellers through Bolsa Verde while facilitating just transition

**Helmut Schwarzer, Clara van Panhuys
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Summary

Can Brazil pursue twin social and environmental objectives together? Brazil's invaluable rainforests have dwindled in recent decades as agriculture and other development activities have displaced them. Development opportunities are crucial for many rural populations who continue to live in poverty. The Government is attempting to address poverty and environmental threats at the same time through a new social protection programme.

Main lessons

- Brazil is home to one of the largest stretches of tropical rainforest. The Amazonian rainforest represents a renewable, productive resource that is critical for reducing the atmospheric greenhouse gas that is responsible for climate change. But only 80 per cent of the forest that existed in 1970 remains today and is under threat from development activities.
- Persistent poverty in Brazil makes unsustainable economic opportunities attractive for many. While the country has made considerable strides against extreme deprivation, poverty persists, in particular in many rural areas. Since 2003, the conditional cash transfer programme Bolsa Família has attempted to address the worst forms of poverty.
- In 2011, Brazil redoubled assistance efforts and helped the poor engage in the sustainable economy. Additional cash is now provided to extremely

poor families in exchange for ecological services performed by household members. The programme provides business and training opportunities for households to engage in the development of sustainable enterprises, including latex extraction, artisanal fishing and handicraft production from natural resources.

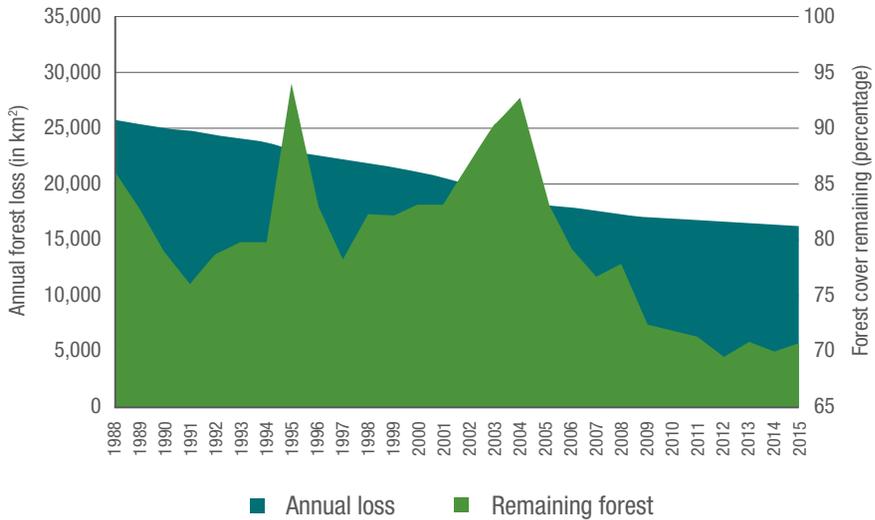
- The programme has reached tens of thousands but its impact on poverty and the environment has not been established. Although more than 51,000 extremely poor families in Brazil have received additional benefits, the programme's net welfare benefits for those families, taking into account the land-use restrictions they face, are uncertain, as is the programme's ultimate impact on the environment.

49.1 Brazil's forests under threat

Forests play a vital role in stabilizing the environment and rolling back the causes of global climate change by absorbing carbon and reducing the presence of greenhouse gases in the atmosphere. For its part, the Amazon rainforest in Latin America is one of the world's largest swaths of natural forest, stretching from Peru in the west to the coasts of French Guyana and Brazil in the east, and is estimated to store between 80 and 120 billion metric tons of carbon. The Amazon includes more than half of all the Earth's remaining rainforests and about 60 per cent of the Amazon rainforest is located in Brazil. As shown in figure 76, Brazil's forests have suffered protracted losses in the past 30 years, although the rate of loss has slowed significantly over the past decade.

For the world, the Amazon represents an important tool in the fight against climate change. It is estimated that if it were completely destroyed, about 50 times the annual greenhouse gas emissions of the United States could be released from its carbon sinks. For Brazil, the Amazon represents a huge ecological – but also economic – asset. And while its value as a powerful carbon sequestration instrument is widely recognized, economic pressures have led to the development of Amazonian land, often at the expense of the natural flora. Between 1970 and 2015, nearly 770,000 km² of the Brazilian Amazon rainforest was lost to deforestation, primarily due to livestock, logging and plantation-scale agricultural activities. According to several reports, roughly 80 per cent of lost rainforest lands are now occupied by cattle ranching, a sector dominated by medium and larger ranches that occupy almost 90 per cent of the land in the nine states that make up the Amazon basin. The Government has actively nurtured and sub-

Figure 76. Annual forest loss (km²) and forest cover remaining (percentage of 1970 cover) in Brazil, 1988-2014



Source: Butler, R. Calculating Deforestation Figures for the Amazon (2016).

sidized cattle ranching activities for many years and the sector is predicted to continue growing to satisfy an increasing global demand for beef. However, the most acute deforestation of the Amazon appears to be in the past: the annual deforestation rate in the Brazilian Amazon fell by 82 per cent between 2004 and 2014.

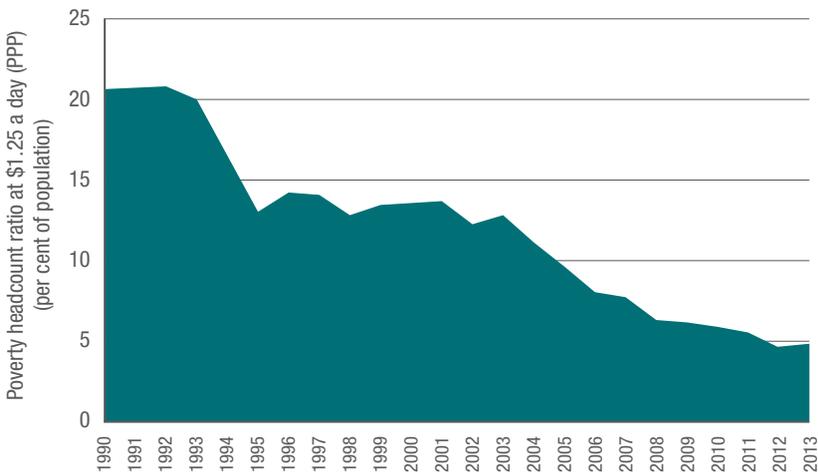
Brazil has often sought to clarify its role and that of other countries who are also custodians of ecological assets with implications for the wider global community. Brazil led the charge on incorporating environmental considerations into international development discussions in recent decades. In 1992, Brazil hosted the United Nations Conference on Environment and Development (UNCED) or the Earth Summit, as well as the follow-up Rio+20 summit two decades later. It was a participant at the 2015 United Nations Climate Change Conference (COP 21) in Paris and in the discussions that led to the adoption of the Paris Agreement. In fact, Brazil cited its progress in rolling back deforestation and related greenhouse gas emissions as one of its primary commitments to combat climate change in its intended nationally determined contributions submitted to the COP 21.

49.2 Strides taken to combat extreme poverty

Brazil is the world’s fifth most populous country, with more than 205 million people living within its borders. Historically, large swaths of Brazilian society have experienced chronic poverty, although the country’s ascension to an upper middle-income country and an expansion of anti-poverty programmes have helped to lift millions from poverty in recent decades. The extreme poverty rate (measured internationally as those living on less than US\$1.25 per day) in Brazil has dropped from nearly 21 per cent in 1990 to under 5 per cent of the population in 2013 (see figure 77).

One of the most widely known and studied anti-poverty programmes is a conditional cash transfer introduced in 2003 called Bolsa Família, which aims to lift people out of extreme poverty by combining cash transfers and increased access to public social services, including health and education. Bolsa Família reaches nearly 14 million participating households – equivalent to roughly a quarter of the entire Brazilian population. The programme is income-tested and targets extremely poor households who report monthly incomes of less than 77 Brazilian reais (BRL) (US\$21) per person. As of January 2014, these households receive

Figure 77. Poverty headcount ratio in Brazil at US\$1.25 per day (PPP) (percentage of population)



Source: World Development Indicators Database Archives (beta)

a monthly basic payment of BRL70 (US\$20), known as the “basic benefit,” and are paid BRL32 (US\$9) per month for each child under 15 years and for each pregnant or breastfeeding mother. They also receive BRL38 (US\$10) per month for each adolescent between 16 and 17 up to a maximum of five children (or four children plus one mother) and two adolescents. Bolsa Família also targets households who are poor but not extremely poor, who report living on less than BRL140 (US\$38) per person per month and have children under 18. These households receive transfers for children, adolescents and mothers but do not receive the basic benefit.

Participation in the programme is conditional, however. In order to receive the transfers, participating families must satisfy “co-responsibilities” or ways to develop the future earnings potential of participating households, which ultimately supplies an exit strategy for families to graduate from Bolsa Família assistance in the long term. These responsibilities include pre- and post-natal health and nutrition monitoring, child immunizations and mandatory, minimum school attendance by children.

Bolsa Família is jointly implemented at the federal and local levels. The federal bank, Caixa Econômica Federal, is responsible for central data administration and benefit payments. Approximately 5,500 municipalities implement Bolsa Família at the local level and are responsible for registering families and supplying information to monitor beneficiaries’ fulfilment of their co-responsibilities. The programme uses a centralized, social registry known as Cadastro Único, which, since its creation in 2001, has been the Government’s main tool to identify poor populations and target them in anti-poverty initiatives. In 2013, Cadastro Único contained information on approximately 25 million Brazilian families.

According to the Government’s calculations, Bolsa Família can be credited for approximately 28 per cent of the total poverty reduction in Brazil since 2002, reducing the proportion of Brazilians living on less than BRL70 (US\$20) from 8.8 per cent to just 3.6 per cent in 2012.

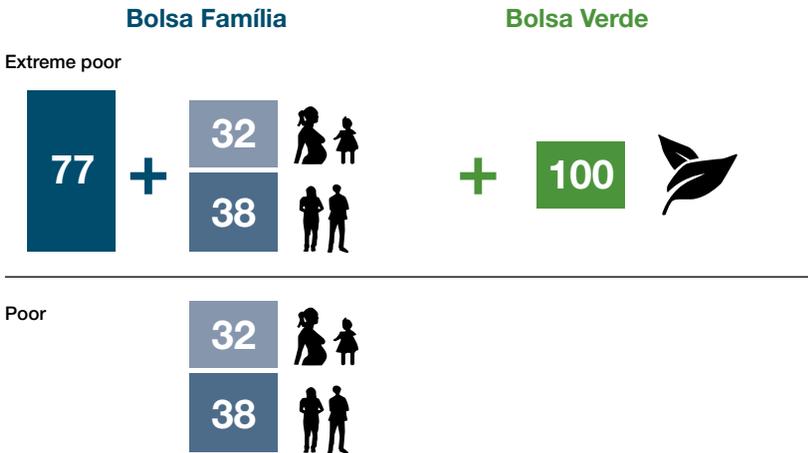
Other studies, such as those led by Brasilia-based International Poverty Centre (IPC), suggest that the programme has been more effective in reducing the severity of poverty of many programme participants, with only limited success at reducing the number of those who live in extreme or more moderate forms of poverty. To more effectively address the percentage of Brazilian families living below the poverty line, higher benefit levels are needed.

49.3 Addressing social and environmental needs, together

Building upon the successes of the Bolsa Família programme, the Government launched an additional cash grant in 2011 that sought to combine the anti-poverty function of Brazil’s social protection system with the pressing need to protect the country’s forests and combat the effects of climate change.

Brazil’s new programme, Bolsa Verde or “green grant,” provides top-up transfers to extremely poor households already participating in Bolsa Família, almost half of whom live in rural areas (see figure 78). Bolsa Verde conditions the payment of benefits on the sustainable use practices of its beneficiaries. The sustainable use of natural resources and environmental conservation is precisely established and described in land management or regulation publications. These vary according to the area in question, however beneficiaries are generally encouraged to gather fruits, extract latex, conduct artisanal fishing and produce crafts from natural resources. Their efforts are monitored using the surrounding forest cover as a proxy indicator. Satellite images and radar hotspots are used to alert authorities to deforestation within programme areas. Where deforestation is

Figure 78. Monthly transfer values (BRL) of the social assistance programmes *Bolsa Família* and *Bolsa Verde* in Brazil, by income group



Note: *Bolsa Verde* payments are made quarterly (three times the monthly benefit)

Source: ILO, 2016, “Protecting people and the environment: Lessons learnt from Brazil’s *Bolsa Verde*, China, Costa Rica, Ecuador, Mexico, South Africa and 56 other experiences”.

recorded, programme representatives visit to check reasons for deforestation and provide necessary assistance to beneficiary households to remove obstacles to fulfilling the ecological conditions for payment. Data on both social and environmental monitoring, as well as on the payment status of each family, is collected in a geo-referenced database known as SiSVerde. Bolsa Verde participation is also intended to include training for beneficiaries to provide assistance on production processes and the marketing of ecologically friendly products; as of January 2014, however, there was no information available on whether training had begun.

As the only explicitly pro-poor programme, Bolsa Verde uses a means test for eligibility, the same test used by Bolsa Família for targeting households living in extreme poverty (defined as those living on less than BRL 77 or US\$ 21 per month per person). To be eligible, households must already receive the “basic benefit” from Bolsa Família and be registered with the Cadastro Único. Bolsa Verde participants must live in certain priority rural areas, many of which already have varying degrees of restrictions to limit the scope or type of economic activity that can be conducted within them.

Participating households receive a flat top-up payment of BRL300 (US\$83) in addition to their regular Bolsa Família transfer every three months, irrespective of family size. Currently, targeted households are eligible to participate for a period of up to two years. Contracts can be renewed for an unspecified amount of time.

The first phase of the programme was implemented in the nine Brazilian states in the Amazônia Legal (Legal Amazon), making up 61 per cent of the entire national territory. During a second stage that started in 2012, Bolsa Verde was expanded to the rest of the country. Of the more than 51,000 target households participating in the Bolsa Verde programme in 2014, 93 per cent lived in environmentally protected areas while the remaining 7 per cent lived in territories occupied by indigenous peoples. Most if not all Bolsa Verde participants live in federally or otherwise protected areas that impose restrictions on land use. While the extent of these restrictions and the degree to which they limit the earnings potential of residents are uncertain to date, the Bolsa Verde programme may serve to offset a portion of those anticipated losses at the same time that it provides tools and incentives for more residents to carry out more ecologically friendly economic activities. A sample monitoring of beneficiary families will be conducted periodically from 2014 onwards. However, indications of the impacts on poverty or of the environmental performance of the programme have not yet been published.

Bolsa Verde joins a host of payment-for-ecosystem services operated in Brazil, although it is one of only two that effectively target marginalized populations. Bolsa Floresta is another conditioned payment made to “traditional and rural” residents across a number of geographic areas, both of which encourage participants to develop sustainable economic activities and to preserve the vegetation and conserve the natural resources of the communities where they live.

49.4 Untested performance

The relationship between poverty and climate change susceptibility includes both direct and indirect links. Direct links include the climate vulnerabilities experienced by the poor in greater proportions than other segments of society. For example, favelas that house much of the country’s urban poor feature only informal rainwater drainage systems. During heavy rains, rainwater often mixes with wastewater and floods homes and neighbourhoods, damaging property and increasing the risk of infectious diseases. Indirect links between poverty and climate change susceptibility are defined by more structural vulnerabilities related to poverty that are then exacerbated by the impacts of climate change. For example, because of limited savings and modest incomes, Brazil’s poor will find it more difficult than other segments of the population to recover from harvest losses, increased food prices or the destruction of homes and other assets brought about by extreme weather. This makes addressing climate change a key imperative for advocates of the world’s poor, and is among the justifications for the creation of a pro-poor and pro-conservation social protection scheme such as Bolsa Verde.

As of January 2014, the Bolsa Verde programme had reached more than 51,000 families with cash, a welcome infusion of income for many of the country’s ultra-poor. Undoubtedly, the additional cash for recipients of the modest Bolsa Família transfer is useful in addressing the depth of Brazil’s most extreme instances of poverty. However, no follow-up evaluation of Bolsa Verde’s further effect on poverty has been conducted to provide more concrete figures on its impact. Monitoring of environmental upgrading or reforestation in target areas since the introduction of the Bolsa Verde programme remains to be initiated. When it does, it will be important for evaluators to distinguish the incentivizing effects of Bolsa Verde from the punitive effects of restrictions on land use in the areas where beneficiaries must live in order to participate in the programme.

Bolsa Verde and other schemes tied to the performance of ecological services are just one of a myriad of anti-deforestation measures taken by the Government since the early 2000s, including the clarification of land tenure, the strengthening of enforcement and compliance in protected areas and the development of “green” supply chains, such as by revising government procurement rules to favour ecologically sourced products. The role that cash transfers to ultra-poor households play within the wider climate policy mix is likely marginal, although clearly further verification is necessary.

The transfers, means-tested and geographically targeted, could represent important offsetting measures for residents in restricted-use areas whose livelihood potential is somewhat limited by pro-climate policies. As part of the “just transition” framework, Bolsa Verde appears to provide at least some compensation, directed to low-income households in these areas, to help them cope with the Government’s climate adaptation policies and provide protection in the country’s structural economic transition to more sustainable practices.

An increased focus on the development of tools could serve to provide the necessary framework and indicators to adequately and credibly measure the net welfare effects of the range of environmental policies that affect rural residents in Brazil. Some policies limit earnings potential through restrictions on land use, while others provide new earnings opportunities for conservation activities. To assess the relevance and application of the ILO’s own guidelines for a “just transition” and of the provisions for offsetting social impacts of climate policies and climate change effects that are alluded to in the COP 21 outcome document, it will be necessary to evaluate the overall impact of positive and negative incentives used to engender a “greener” use of Brazil’s forests, and to examine the distribution of conservation responsibilities across the country’s social strata.

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Providing protection against climate-related shocks and vulnerabilities

James Canonge

Summary

How can social protection address regular climate-related risks in the Sahel? The effects of climate change are increasingly apparent in many Sahel countries. Relief efforts during crises and in response to everyday deprivation have been largely led by outside actors. However, many Sahel countries have now adopted national strategies for social protection, providing new opportunities for them to establish basic guarantees and incorporate lessons from neighbouring countries on addressing climate-related risks.

Main lessons

- Recurrent food crises have become a regular feature of life in the Sahel. Decades of drought, increasing temperatures and erratic rainfall brought on by climate change have made recurrent food crises a regular feature of life in the Sahel. Extreme rainfall events have become more frequent over the last decade, while instances of flash flooding and soil erosion are increasing.
- Many Sahel countries have developed national strategies for social protection. International actors play a large role in providing protection in many Sahel countries. Increasingly, however, countries are developing national social protection strategies that would provide protections for a range of risks, including those related to climate change.
- Countries can design and implement social protection systems that incorporate measures for relief in anticipation of or following climate-related shocks. By considering several climate factors when designing and implementing

social protection systems, including social protection floors, Sahel countries can provide essential protections for all, while at the same time addressing specific climate-related risks.

- International actors must be ready to incorporate climate considerations into social protection technical assistance. Following climate discussions in Paris, the international community is now tasked with integrating climate factors into its efforts to extend essential and sustainable social protection coverage in the Sahel and elsewhere.

50.1 A more volatile Sahel climate

The Sahel region in Africa sits below the arid Sahara Desert but above the tropical savannahs and lush rainforests that cover much of the continent. The region, already suffering from protracted rainfall deficits since the 1960s, is proving particularly susceptible to the increasing effects of climate change.

In recent decades, the region has suffered long-running food crises and displacement, triggered by spikes in the severity of a drought spanning more than three decades. During that time, food crises have claimed the lives of some 100,000 people and left 750,000 persons in Mali, Niger and Mauritania dependent on food assistance.

But while the protracted drought has yielded consistent rainfall deficits for many years, recently a different trend has emerged. Wide variations in annual rainfall from one year to the next now characterize more extreme weather conditions facing the region. Extreme rainfall events have become more frequent during the last decade, with flash flooding and soil erosion occurring more frequently during the rainy period. In 2013, severe flooding was reported in many countries in the Sahel, affecting more than 300,000 residents and damaging houses, infrastructure and crops. This increased volatility, coupled with consistently higher average annual temperatures, is often attributed to the increased concentration of greenhouse gases in the atmosphere.

These changes pose considerable challenges to residents, who rely on fertile, irrigable land on which to grow crops and graze livestock for the generation of their livelihood and many of whom may be forced to seek suitable land elsewhere. Already, the traditional nomadic patterns of migration are observed to be giving way to more permanent southward movements. And if the current trends of unpredictable and extreme rains and temperatures continue, they could lead to

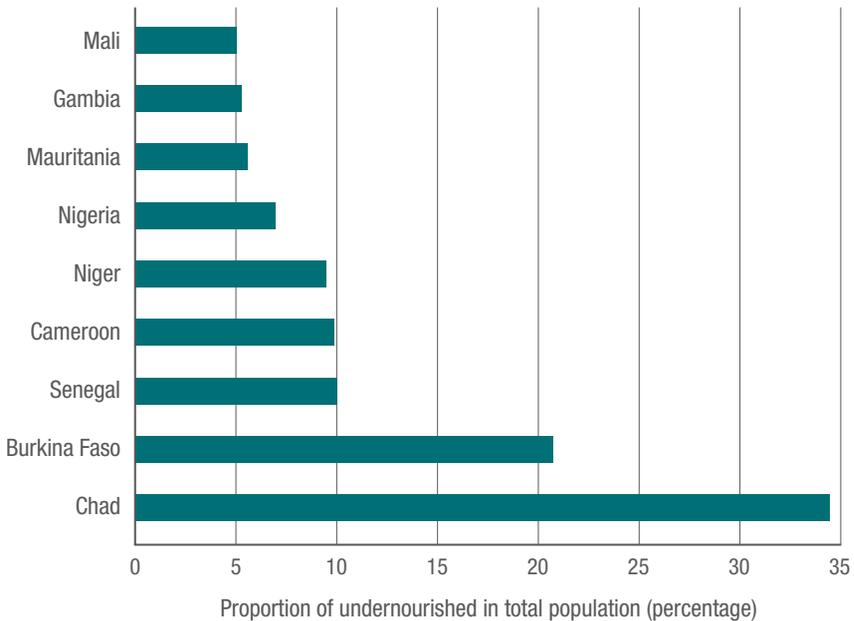
the large-scale displacement of people across the region and potentially towards other regions and continents.

While the increased unpredictability of weather patterns makes planning more difficult for individual households, it presents new opportunities for governments and their partners to integrate new risk management and coping mechanisms into social protection systems. For the Sahel region in particular, building social protection floors that are resilient against climate shocks and responsive to slow onset events is increasingly being prioritized as economies and societies seek to adapt to the inevitable effects of climate change.

50.2 A fragile safety net

Some 23.5 million people in the Sahel region are currently food insecure, with 5 per cent to more than 30 per cent of its national populations undernourished (see figure 79), including about 4.5 million children. The region suffers from

Figure 79. Proportion of undernourished populations of the Sahel region, 2014-16



Source: FAO Hunger Map 2015

chronic poverty, low levels of development and, in recent years, increased instances of armed conflict, the effects of which are only further compounded by the looming consequences of a more volatile climate.

Much of the concerted response by Sahel countries to food insecurity in the region has been to address obstacles to food production and sale. The Food Crisis Prevention Network, created in 1984, brings together countries in the region, humanitarian and development agencies to share information about agricultural conditions and coordinate food assistance and subsidy planning without distorting local markets or production. Another joint initiative is the creation of a regional agricultural policy among members of the Economic Community of West African States, including the establishment of a regional food security reserve as a resource in case of a major food crisis, while also supporting national and subnational food storage capacities. To deal specifically with the impending effects of climate change, a common risk-pooling mechanism for African countries, the African Risk Capacity agency, was established in 2012 under the African Union; participating governments, including from several Sahel countries, purchase an insurance policy and receive an automatic disbursement to carry out relief activities that would help affected households in the event of extreme rainfall or drought.

Humanitarian and development actors continue to play a large role in social protection provision in the Sahel countries. Many aim to provide food assistance and health-care services to fight malnutrition, while others support cash-for-work and food-for-work programmes, whose beneficiaries perform activities to increase yields and make crops less vulnerable to adverse weather. But as they rely on external financing and administrative capacities, these programmes, in particular those that provide vital cash support, are vulnerable to vacillations in donor funding and priorities. It is precisely for this reason that development actors are now seeking to assist these countries to develop nationally owned social protection systems. To this end, in Mali, with support from the European Commission, several NGOs have committed to harmonizing targeting approaches and other parameters in their programmes in order to eventually create a more coherent set of social protection interventions that could eventually be taken up by the Government and made part of a national social protection system in that country.

Comprehensive social protection systems or social protection floors have yet to take root in most Sahel countries. However, many have developed ambitious national social protection strategies, often with specific references to

climate-related risks (e.g. Burkina Faso, Mali, Mauritania and Niger, among others). This often represents a first step in the development of a nationally defined social protection floor. However, implementation remains a challenge due to fiscal and administrative capacity constraints. As development partners formulate technical assistance to support these countries in the roll out of social protection systems to provide at least floor-level provisions, the particular exposure of their populations to risks associated with climate change effects should be considered.

50.3 Climate-ready social protection

In a region such as the Sahel, there is a dull roar of deprivation that continues between shocks. Already, some efforts are under way to establish basic social protection guarantees. But given this region's particular and increasing vulnerability to climate change effects, more flexible and anticipatory social protection systems can be designed to make regular cash transfer programmes more resilient and efficient following shocks. This makes particular sense in the design of climate-resilient social protection systems, the bulk of whose effects manifest themselves in slow onset events, such as persistent environmental degradation, including repetitive floods and droughts, as in the case of the Sahel. Investing in the design of flexible national social protection systems in regions such as the Sahel is useful given the inevitability of relatively frequent small- to-medium-scale shocks, which are potentially on the rise as a result of global climate change.

Beyond the fundamental institutions and coordination efforts necessary to develop comprehensive systems that provide essential protections, several additional factors can affect the ability of social protection systems to anticipate and respond quickly to climate-related risks relevant for Sahel residents.

Climate factor 1. Climate vulnerabilities used in the identification and selection of social protection beneficiaries

Climate vulnerabilities should be considered when articulating beneficiary identification procedures, selection criteria and targeting methods in order to reach climate-susceptible households. Considerations can be informed by conducting new risk and vulnerability assessments at different levels of government (national and subnational) or by using existing area-level and household-level data

on climate exposure, including data on certain geographic or topographic characteristics, such as rugged terrain or proximity to water, or data on historical characteristics to identify areas prone to extreme weather, such as flooding or drought. Such data can also include hardship indicators to identify areas that have experienced chronic food insecurity in the past, for example, or areas where damage from a previous hardship has been registered and aid was previously delivered. Many of these protocols are already in use in some parts of the world. In Bangladesh, for example, poor communities that live near rivers and are vulnerable to flooding are eligible for cash support as part of the Char Livelihoods Project. In Ethiopia, as part of the Productive Safety Net Programme, residents in areas designated as chronically food insecure are specifically targeted for inclusion as a part of the programme's selection criteria. In Mexico, residents of areas with low average rainfall and rugged terrain are targeted for inclusion in a public works programme, the Temporary Employment Programme (Programa de Empleo Temporal or PET), to build and upgrade local roads.

Climate factor 2. Emergency protocols to expand eligibility and verification requirements and scale-up payments

For existing social protection programmes, in particular those with large beneficiary bases, contingency planning can lead to the development of emergency protocols that, when activated by authorities, can rapidly scale up benefits and reduce barriers to programme participation in the event of a disaster or other emergency. For example, in the United States, the Food Stamp Act requires the Government to establish such protocols for the country's largest food assistance scheme, the Supplemental Nutrition Assistance Programme (SNAP). After Hurricane Katrina hit the Gulf Coast in 2005, the SNAP distributed at least US\$585 million in benefits under temporary emergency rules that came into effect after initial assessments of the disaster. Programme eligibility and verification rules were relaxed and penalties were waived for administrative errors made during eligibility determinations by subnational authorities or states participating in the federally-administered programme. Qualifying work requirements were waived and benefit payments were expedited and maximized for affected recipient households.

In Mexico's PET public works scheme, the Government can increase the maximum number and length of days that participants are permitted to work, allowing them to earn additional income in the wake of a disaster.

Climate factor 3. Index-based triggers to activate or scale up payments complementing regular social protection transfers

Indices indicating seasonal or climate-change-related hardship are used regularly in agricultural and livestock insurance schemes. Increasingly, they are also being regarded as triggers for top-up payments to social protection schemes that can be activated in the wake or anticipation of hardship. These types of mechanism are favoured for their speed in identifying hardship and triggering appropriate payments without the need to design and inaugurate new programmes to respond to each new incident. In some cases, systems are built so that payments are made with high levels of automation and little need for intervention by programme administrators. Many of these indices are compiled from monitoring data on such indicators as real and estimated rainfall, vegetation growth and livestock mortality, using a variety of sources including observation satellites, weather stations and census data. For example, in Kenya, drought emergency scale-up payments complement a regular, unconditional cash transfer programme, the Hunger Safety Net Programme. In addition to regular payments, more than 90,000 households received drought-related payments in April and May 2015.

The Government of Ethiopia operates the Productive Safety Nets Programme, which offers a timely scale-up payment in anticipation of severe droughts or floods using a tool developed in collaboration with the World Food Program. The Livelihoods, Early Assessment and Protection system assesses agro-meteorological data to estimate future crop yields and rangeland production.

Climate factor 4. Adequate financing arrangements to ensure the resilience of social protection systems in times of crisis

Adequate financing arrangements must be developed to enable governments to implement flexible components that rapidly expand in times of shock. While the core guarantees of a social protection floor should be financed using domestic resources to ensure their sustainability and predictability, contingency financing for the rapid scaling-up of flexible components can be arranged through international donor support or through emergency reserves. For example, in Ethiopia, a risk financing mechanism provides funds in case of drought and subsequent scale-up of the Productive Safety Net Programme when needs exceed those that can be provided by the programme's regular contingency budget. This serves to ensure that the programme can absorb increased demand

without undue budgetary pressures that might threaten future payments. In Kenya, the National Drought Management Authority operates the country's disaster contingency fund, which finances county-led responses to droughts, including the distribution of emergency cash transfers; its funds are limited to financing emergency transfers and do not, to date, support drought emergency scale-up payments of the Hunger Safety Net Programme. It is expected that the inauguration of a national drought and disaster contingency fund would replace the existing disaster contingency fund, which may eventually serve as a unified contingency financing mechanism for both dedicated emergency response and emergency scale-ups under the Hunger Safety Net Programme.

50.4 Towards climate-ready systems

In the Sahel, where social protection strategies are now emerging in several countries, there is a timely opportunity to support the articulation of nationally defined social protection floors that provide basic provisions, while integrating flexible components to provide protection against climate-related shocks and vulnerabilities.

Calls for social protection responses to remedy some of the negative effects of climate change and climate policies have made their way into several recent international agreements. For example, at the United Nations Climate Change Conference (COP 21) held in Paris in 2015, one topic of discussion was “loss and damage,” which for the first time yielded a dedicated article in the Paris Agreement (Article 8). The Agreement recognizes that climate change has tangible consequences on livelihoods but does not provide a basis for liability or compensation. Instead, it calls on countries to cooperate in different preventive and protective activities, such as the development of early warning systems, disaster preparedness, risk assessment and management and different types of insurance. This latter area could include social insurance and presumably other forms of social protection that make up a country's national social protection system.

The ILO, and many of its development partners within the UN system are now tasked with integrating these and other considerations into the technical assistance the organizations provide. This will ensure that efforts to expand essential, sustainable social protection coverage also serve to make systems more adept at protecting vulnerable populations against the new

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ANNEXES

Annex 1

Social Protection Floors Recommendation, 2012 (No. 202)

Preamble

The General Conference of the International Labour Organization,
Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 101st Session on 30 May 2012, and

Reaffirming that the right to social security is a human right, and

Acknowledging that the right to social security is, along with promoting employment, an economic and social necessity for development and progress, and

Recognizing that social security is an important tool to prevent and reduce poverty, inequality, social exclusion and social insecurity, to promote equal opportunity and gender and racial equality, and to support the transition from informal to formal employment, and

Considering that social security is an investment in people that empowers them to adjust to changes in the economy and in the labour market, and that social security systems act as automatic social and economic stabilizers, help stimulate aggregate demand in times of crisis and beyond, and help support a transition to a more sustainable economy, and

Considering that the prioritization of policies aimed at sustainable long-term growth associated with social inclusion helps overcome extreme poverty and reduces social inequalities and differences within and among regions, and

Recognizing that the transition to formal employment and the establishment of sustainable social security systems are mutually supportive, and

Recalling that the Declaration of Philadelphia recognizes the solemn obligation of the International Labour Organization to contribute to “achiev[ing] ... the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care”, and

Considering the Universal Declaration of Human Rights, in particular Articles 22 and 25, and the International Covenant on Economic, Social and Cultural Rights, in particular Articles 9, 11 and 12, and

Considering also ILO social security standards, in particular the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Income Security Recommendation, 1944 (No. 67), and the Medical Care Recommendation, 1944 (No. 69), and noting that these standards are of continuing relevance and continue to be important references for social security systems, and

Recalling that the ILO Declaration on Social Justice for a Fair Globalization recognizes that “the commitments and efforts of Members and the Organization to implement the ILO’s constitutional mandate, including through international labour standards, and to place full and productive employment and decent work at the centre of economic and social policies, should be based on ... (ii) developing and enhancing measures of social protection ... which are sustainable and adapted to national circumstances, including ... the extension of social security to all”, and

Considering the resolution and Conclusions concerning the recurrent discussion on social protection (social security) adopted by the International Labour Conference at its 100th Session (2011), which recognize the need for a Recommendation complementing existing ILO social security standards and providing guidance to Members in building social protection floors tailored to national circumstances and levels of development, as part of comprehensive social security systems, and

Having decided upon the adoption of certain proposals with regard to social protection floors, which are the subject of the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation; adopts this fourteenth day of June of the year two thousand and twelve the following Recommendation, which may be cited as the Social Protection Floors Recommendation, 2012.

I. OBJECTIVES, SCOPE AND PRINCIPLES

1. This Recommendation provides guidance to Members to:
 - (a) establish and maintain, as applicable, social protection floors as a fundamental element of their national social security systems; and
 - (b) implement social protection floors within strategies for the extension of social security that progressively ensure higher levels of social security to as many people as possible, guided by ILO social security standards.
2. For the purpose of this Recommendation, social protection floors are nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion.
3. Recognizing the overall and primary responsibility of the State in giving effect to this Recommendation, Members should apply the following principles:
 - (a) universality of protection, based on social solidarity;
 - (b) entitlement to benefits prescribed by national law;
 - (c) adequacy and predictability of benefits;
 - (d) non-discrimination, gender equality and responsiveness to special needs;
 - (e) social inclusion, including of persons in the informal economy;
 - (f) respect for the rights and dignity of people covered by the social security guarantees;
 - (g) progressive realization, including by setting targets and time frames;
 - (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;
 - (l) coherence with social, economic and employment policies;
 - (m) coherence across institutions responsible for delivery of social protection;

- (n) high-quality public services that enhance the delivery of social security systems;
- (o) efficiency and accessibility of complaint and appeal procedures;
- (p) regular monitoring of implementation, and periodic evaluation;
- (q) full respect for collective bargaining and freedom of association for all workers; and
- (r) tripartite participation with representative organizations of employers and workers, as well as consultation with other relevant and representative organizations of persons concerned.

II. NATIONAL SOCIAL PROTECTION FLOORS

4. Members should, in accordance with national circumstances, establish as quickly as possible and maintain their social protection floors comprising basic social security guarantees. The guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level.

5. The social protection floors referred to in Paragraph 4 should comprise at least the following basic social security guarantees:

- (a) 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;
- (b) basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- (c) basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
- (d) basic income security, at least at a nationally defined minimum level, for older persons.

6. Subject to their existing international obligations, Members should provide the basic social security guarantees referred to in this Recommendation to at least all residents and children, as defined in national laws and regulations.

7. Basic social security guarantees should be established by law. National laws and regulations should specify the range, qualifying conditions and levels of the benefits giving effect to these guarantees. Impartial, transparent, effective, simple, rapid, accessible and inexpensive complaint and appeal procedures should also be specified. Access to complaint and appeal procedures should be free of charge to the applicant. Systems should be in place that enhance compliance with national legal frameworks.

8. When defining the basic social security guarantees, Members should give due consideration to the following:

- (a) persons in need of health care should not face hardship and an increased risk of poverty due to the financial consequences of accessing essential health care. Free prenatal and postnatal medical care for the most vulnerable should also be considered;
- (b) basic income security should allow life in dignity. Nationally defined minimum levels of income may correspond to the monetary value of a set of necessary goods and services, national poverty lines, income thresholds for social assistance or other comparable thresholds established by national law or practice, and may take into account regional differences;
- (c) the levels of basic social security guarantees should be regularly reviewed through a transparent procedure that is established by national laws, regulations or practice, as appropriate; and
- (d) in regard to the establishment and review of the levels of these guarantees, tripartite participation with representative organizations of employers and workers, as well as consultation with other relevant and representative organizations of persons concerned, should be ensured.

9.

(1) In providing the basic social security guarantees, Members should consider different approaches with a view to implementing the most effective and efficient combination of benefits and schemes in the national context.

(2) Benefits may include child and family benefits, sickness and health-care benefits, maternity benefits, disability benefits, old-age benefits, survivors' benefits, unemployment benefits and employment guarantees, and employment injury benefits as well as any other social benefits in cash or in kind.

(3) Schemes providing such benefits may include universal benefit schemes, social insurance schemes, social assistance schemes, negative income tax schemes, public employment schemes and employment support schemes.

10. In designing and implementing national social protection floors, Members should:

- (a) combine preventive, promotional and active measures, benefits and social services;
- (b) promote productive economic activity and formal employment through considering policies that include public procurement, government credit provisions, labour inspection, labour market policies and tax incentives, and that promote education, vocational training, productive skills and employability; and
- (c) ensure coordination with other policies that enhance formal employment, income generation, education, literacy, vocational training, skills and employability, that reduce precariousness, and that promote secure work, entrepreneurship and sustainable enterprises within a decent work framework.

11.

(1) Members should consider using a variety of different methods to mobilize the necessary resources to ensure financial, fiscal and economic sustainability of national social protection floors, taking into account the contributory capacities of different population groups. Such methods may include, individually or in combination, effective enforcement of tax and contribution obligations, re-prioritizing expenditure, or a broader and sufficiently progressive revenue base.

(2) In applying such methods, Members should consider the need to implement measures to prevent fraud, tax evasion and non-payment of contributions.

12. National social protection floors should be financed by national resources. Members whose economic and fiscal capacities are insufficient to implement the guarantees may seek international cooperation and support that complement their own efforts.

III. NATIONAL STRATEGIES FOR THE EXTENSION OF SOCIAL SECURITY

13.

(1) Members should formulate and implement national social security extension strategies, based on national consultations through effective social dialogue and social participation. National strategies should:

-
- (a) prioritize the implementation of social protection floors as a starting point for countries that do not have a minimum level of social security guarantees, and as a fundamental element of their national social security systems; and
 - (b) seek to provide higher levels of protection to as many people as possible, reflecting economic and fiscal capacities of Members, and as soon as possible.

(2) For this purpose, Members should progressively build and maintain comprehensive and adequate social security systems coherent with national policy objectives and seek to coordinate social security policies with other public policies.

14. When formulating and implementing national social security extension strategies, Members should:

- (a) set objectives reflecting national priorities;
- (b) identify gaps in, and barriers to, protection;
- (c) seek to close gaps in protection through appropriate and effectively coordinated schemes, whether contributory or non-contributory, or both, including through the extension of existing contributory schemes to all concerned persons with contributory capacity;
- (d) complement social security with active labour market policies, including vocational training or other measures, as appropriate;
- (e) specify financial requirements and resources as well as the time frame and sequencing for the progressive achievement of the objectives; and
- (f) raise awareness about their social protection floors and their extension strategies, and undertake information programmes, including through social dialogue.

15. Social security extension strategies should apply to persons both in the formal and informal economy and support the growth of formal employment and the reduction of informality, and should be consistent with, and conducive to, the implementation of the social, economic and environmental development plans of Members.

16. Social security extension strategies should ensure support for disadvantaged groups and people with special needs.

17. When building comprehensive social security systems reflecting national objectives, priorities and economic and fiscal capacities, Members should aim to achieve the range and levels of benefits set out in the Social Security (Minimum

Standards) Convention, 1952 (No. 102), or in other ILO social security Conventions and Recommendations setting out more advanced standards.

18. Members should consider ratifying, as early as national circumstances allow, the Social Security (Minimum Standards) Convention, 1952 (No. 102). Furthermore, Members should consider ratifying, or giving effect to, as applicable, other ILO social security Conventions and Recommendations setting out more advanced standards.

IV. MONITORING

19. Members should monitor progress in implementing social protection floors and achieving other objectives of national social security extension strategies through appropriate nationally defined mechanisms, including tripartite participation with representative organizations of employers and workers, as well as consultation with other relevant and representative organizations of persons concerned.

20. Members should regularly convene national consultations to assess progress and discuss policies for the further horizontal and vertical extension of social security.

21. For the purpose of Paragraph 19, Members should regularly collect, compile, analyse and publish an appropriate range of social security data, statistics and indicators, disaggregated, in particular, by gender.

22. In developing or revising the concepts, definitions and methodology used in the production of social security data, statistics and indicators, Members should take into consideration relevant guidance provided by the International Labour Organization, in particular, as appropriate, the resolution concerning the development of social security statistics adopted by the Ninth International Conference of Labour Statisticians.

23. Members should establish a legal framework to secure and protect private individual information contained in their social security data systems.

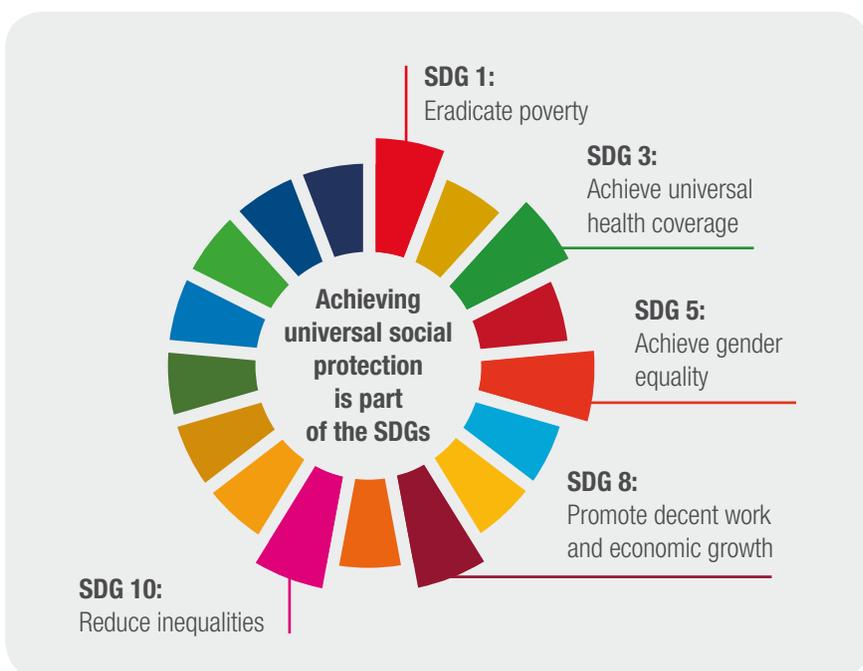
24.

(1) Members are encouraged to exchange information, experiences and expertise on social security strategies, policies and practices among themselves and with the International Labour Office.

(2) In implementing this Recommendation, Members may seek technical assistance from the International Labour Organization and other relevant international organizations in accordance with their respective mandates.

Annex 2

Sustainable Development Goals related to social protection



Target 1.3: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.



Target 3.8: Achieve universal health coverage (UHC), including financial risk protection, access to quality essential health care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all.



Target 5.4: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies, and the promotion of shared responsibility within the household and the family as nationally appropriate.



Target 8.5: By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



Target 10.4: Adopt policies especially fiscal, wage, and social protection policies and progressively achieve greater equality.

Annex 3

ILO up-to-date social security standards¹

ILO Conventions

- C102 – Social Security (Minimum Standards) Convention, 1952
- C118 – Equality of Treatment (Social Security) Convention, 1962
- C121 – Employment Injury Benefits Convention, 1964
- C128 – Invalidity, Old-Age and Survivors' Benefits Convention, 1967
- C130 – Medical Care and Sickness Benefits Convention, 1969
- C157 – Maintenance of Social Security Rights Convention, 1982
- C168 – Employment Promotion and Protection against Unemployment Convention, 1988
- C183 – Maternity Protection Convention, 2000

ILO Recommendations

- R067 – Income Security Recommendation, 1944
- R069 – Medical Care Recommendation, 1944
- R121 – Employment Injury Benefits Recommendation, 1964
- R131 – Invalidity, Old-Age and Survivors' Benefits Recommendation, 1967
- R134 – Medical Care and Sickness Benefits Recommendation, 1969
- R167 – Maintenance of Social Security Rights Recommendation, 1983
- R176 – Employment Promotion and Protection against Unemployment Recommendation, 1988
- R191 – Maternity Protection Recommendation, 2000
- R202 – Social Protection Floors Recommendation, 2012

¹ Full text is available in NORMLEX (www.ilo.org/normlex), the online system which contains information on International Labour Standards (such as ratifications, reporting requirements, comments of the ILO's supervisory bodies, etc.) as well as national labour and social security laws.

Annex 4

Together to Achieve Universal Social Protection by 2030 (USP2030): A Call to Action

Calling on all countries to live up to their commitment to develop nationally-owned social protection systems for all, including floors, as articulated in the Sustainable Development Goals in 2015. Universal social protection is key to sustained inclusive economic and social development, for individuals, communities and nations. It is also a human right.

Universal social protection reduces poverty and inequality; it promotes social cohesion; it facilitates human development and access to decent working and living conditions. Social protection also increases productivity and employability by enhancing human capital and allowing investment in productive assets, raising household incomes, consumption and savings, boosting aggregate demand, and enhancing people's resilience in the face of shocks and structural transformations.

Universal social protection is achieved through a nationally defined system of policies and programmes that provide equitable access to all people and protect them throughout their lives against poverty and risks to their livelihoods and well-being. This protection can be provided through a range of mechanisms, including in cash or in-kind benefits, contributory or non-contributory schemes, and programmes to enhance human capital, productive assets, and access to jobs.

To date, countries in many parts of the world have made significant progress in the extension of social protection. Yet 55 per cent of the global population is still excluded from social protection. Urgent efforts are needed to ensure that the human right to social protection becomes a reality for all, and to achieve the goals set by the 2030 Sustainable Development Agenda.

We urge countries and international partners to support the global commitment to implement nationally appropriate social protection systems and measures for

all, including floors (SDG 1.3) by 2030, through the following actions, centred around the core principles of universal social protection:

ACTION 1. *Protection throughout life cycle:* Establish universal social protection systems, including floors, that provide adequate protection throughout the life cycle, combining social insurance, social assistance and other means, anchored in national strategies and legislation;

ACTION 2. *Universal coverage:* Provide universal access to social protection and ensure that social protection systems are rights-based, gender-sensitive and inclusive, leaving no one behind;

ACTION 3. *National ownership:* Develop social protection strategies and policies based on national priorities and circumstances in close cooperation with all relevant actors;

ACTION 4. *Sustainable and equitable financing:* Ensure the sustainability and fairness of social protection systems by prioritizing reliable and equitable forms of domestic financing, complemented by international cooperation and support where necessary;

ACTION 5. *Participation and social dialogue:* Strengthen governance of social protection systems through institutional leadership, multi-sector coordination and the participation of social partners and other relevant and representative organisations, to generate broad-based support and promote the effectiveness of services.

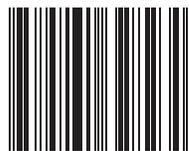
This Call to Action was signed by the Director-General of the International Labour Organization, Guy Ryder, and the United Nations High Commissioner for Human Rights, Michelle Bachelet, as well as 100 top government officials, business representatives, trade unionists and development agencies, at the annual meeting of the Multi-Stakeholder Partnership for Sustainable Development Goal 1.3 on social protection, on 24 October 2018 in Geneva.

Since the early 20th century, countries have advanced the development of social protection systems, covering today half of the world's population. UN Member States are committed to extend social security to all, and have adopted international social security standards, the latest in 2012, the ILO Social Protection Floors Recommendation (No. 202). In 2015, the 2030 Agenda for Sustainable Development agreed by all countries at the UN called upon governments to implement nationally appropriate social protection systems for all, including floors.

The ILO's 100th anniversary is a unique opportunity to reaffirm a shared commitment to achieving social justice and leaving no one behind. 100 years of social protection: the road to universal social protection systems and floors is a compendium of 100 country good practices in building national social protection systems including floors.

The volumes document how countries in Africa, the Americas and the Caribbean, Asia and the Pacific, and Europe have achieved universal coverage in the areas of child and maternity benefits, disability and old-age pensions, health and others; which financing sources countries have allocated for the extension of social protection; what innovations governments have implemented to ensure that no one is left behind. The volumes also document historical perspectives to understand how national social security systems have advanced over the past decades. These country experiences are useful for practitioners and policy-makers, to provide the basis for better informed policies. They also provide inspiration to all of us on ways to build the future that we want, a world where the human right to social protection is a reality for all.

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