

BACKGROUND AND OBJECTIVES

During the 2000-2001 biennium, a major activity within the Socio-economic Security (SES) program has consisted in collecting information worldwide on all the different dimensions of workers' security¹. The final objective being to create a databank, which would enable carrying out a series of analysis on, and indicators of, socio economic security.

These points report on the methodology and content of the work carried out to gather information for the SES Databank in as far as social security programs and variables are concerned. The work could be defined as a translation exercise. It has mainly consisted in building a database composed of statistically usable information (categories, numerical values, etc.) on the basis of a global source containing textual descriptions of such programs and variables.

POINTS TO BE AWARE OF WHILE USING THE DATABASE

1. Brief definition of the 6 selected “types of social security programs”²

The provisioning of social security can follow different approaches. As defined in the literature, such approaches or programs can be regrouped according to their major characteristics. The aim is to collect information on all nationwide compulsory social security programs. The following 6 main types of programs have been retained:

Social insurance:

Programs ensure social rights based on contributions, usually from employer and/or employee. Therefore, social insurance programs are usually employment-related programs.

Universal/demogrant:

Tax financed programs providing flat-rate cash benefits usually based on a condition of residence and without any means-tested conditions.

Social assistance:

Programs usually designed for the poorest to cover their basic needs. A means test is used to define if individuals qualify for the benefits. These programs are commonly tax financed.

Mandatory private insurance:

Programs based on the insurance principles but privately managed. In some countries, these programs were phased in during the last 20 years while social insurance programs

¹ For details on the meaning of socio-economic security and the SES program in general refer to “The ILO InFocus Program on Socio-Economic Security – A Medium term workplan”, ILO, Oct 1999.

² Types of programs correspond to standard variable/question 5 in the questionnaire.

were phased out. These programs are usually considered as part of the social security system as they remain compulsory.

Provident funds:

Compulsory savings programs usually developed as an old age program. A lump sum is usually provided based on contributions and interests there from. In some cases, there is a possibility of conversion of the lump sum into an annuity.

Employer-liability:

These programs are usually not pre-financed and benefits are directly paid by the employer to cover social security risks, mostly defined by Labor Codes.

2. Criteria used for selection of the *Main Program*

a. Some countries have a multiplicity of programs for a single social security branch. The number of such *programs* is recorded in question “1. Number of programs”. For simplification reasons and given the objective of this database, it has been decided to enter detailed information for only one (the *main*) program.

b. The *main* program has been selected on the basis of information available in SSPTW (larger coverage, higher contribution rates and/or higher benefits). If such information was not available, the *main* program was selected depending on demographic/economic or other relevant factors or common knowledge. This solution is a priori acceptable as it can be expected that all programs from a particular branch should be based on a same “principle” or legislation and therefore a main program should be representative of all other.

c. If in some cases there are several types of programs being used simultaneously, such as social assistance and social insurance, only the latter has been retained because it has indeed a significantly broader impact in terms of income redistribution and coverage. Also as a rule, when a so-called “social assistance” type of program coexists with a major program – such as social insurance - it has been excluded in the benefit of the latter.

d. When, within a country, the legislations are developed at the regional level (for instance at the State level in the USA, or provinces in Canada), only the information concerning one (the main or representative) State or Province has been selected (e.g. New York in the USA, Ontario in Canada). This option is unfortunately very unsatisfactory as in many countries there is not one dominant model but several models. But at this stage of our program it is not possible to allocate more resources to any particular country and this problem is being dealt with separately.

3. Phasing in/out: Transitional cases

When there are an old and a new social security system operating at the same time, only the new one has been retained. The reason is that the old one is usually being phased out.

4. Minimum eligibility conditions and maximum benefit rate

a. When a program provides a single rate of benefits, this can be easily recorded. But in some countries or branches there is a series of (progressive) rates³. In this case a simplification rule has been adopted which states that only the maximum benefit rate should be recorded.

b. Concerning the time-related qualifying conditions for entitlement to benefits, it has been decided to indicate the minimum period which enables the beneficiary to get his rights even though it can be at a lower rate than the maximum benefit rate.

5. Codification

a. When the information required to answer a particular question is not available in the sources used (SSPTW/ISSA and CSS) “no answer” (code 999) is used.

b. When no social security program is mentioned in the SSPTW, “not applicable” (code 888) should be entered for all questions of the branch, except for the question “1. *Number of program(s)*” where the answer should be 0 (None).

c. If programs do not provide cash benefits but only benefits in kind, the answer to question “1. *Number of program(s)*” should be “only benefits in kind” (code -1).

d. When the information available does not fit the question and/or the predefined answers, then “Other/see note” (code 666) should be entered. For checking the note, use directly the source referred.

e. It is not necessary to mention the source for each question as a single major source (SSPTW) is used. The source is only cited in the codebook when it is different from the SSPTW.

f. Each of the 172 questions in the database is identified through a letter - referring to the social security branch - and a number - referring to the standard or specific question/variable (see 6. below). For example, G.6 refers to the branch “survivor” (G) and to the standard question “coverage” (6).

g. When there is one global contribution for several social security branches, the rule is to indicate the contribution of only one branch, which should be the “main” branch. If there

³ For instance, in Romania: “sickness benefits are 50% of earnings; or 65% if 2 to 5 years of continuous employment; 75% if 5 to 8 years; 85% if over 8 years; and 100% for certain illnesses, such as tuberculosis, or persons injured in the 1989 Revolution”

is one contribution covering several branches (e.g. Old-age, Disability, Death), just indicate the contribution in the main branch (e.g. Old-age). “Main” is defined in the Source (SSPTW). However, a code has to be entered in each of the branch(es) covered by this contribution. For coding that case (one contribution for several branches), please note that the following codes should be used: C = 13, D = 14, E = 15, F = 16, G = 17, H = 18, I = 19, J = 20. For example, if the contribution is associated to Old age (e.g. Part E = code 15), the question is answered by entering “-15” in the other branch(es)

6. Units

For quantitative questions, the unit of the answer is indicated in the codebook. It can be a number of days, weeks, percentages, etc.. When a date is required, all four digits for years (e.g. 1970) should be entered.

7. Standard questions/variables for each of the 8 branches

Information on the 8 social security branches for each country are mainly collected through a series of standard questions, which are common to all branches. To complement the information base, a few specific questions, which are only applicable to a particular branch (e.g. existence of an early retirement provision in the old age branch), are added.

The list of the standard questions/variables⁴ is as follows.

1. Number of program(s)
2. Expenditure of all programs in the branch as a % of GDP.
3. Date of the first law
4. Number of current law(s)
5. Types of programs (see II.4 above)
6. Coverage (population group subject to the program⁵)
7. Employee contribution
8. Employer contribution
9. Financing from Government
10. Means-tested conditions for benefits
11. Period and condition of residence in the country to be eligible to benefits
- 16_1. Qualifying period of contribution
- 16_2. Qualifying period of work
19. Earnings-related cash benefits (maximum calculation rate for benefits)
20. Evolution/indexation of benefit
21. Duration of benefit

⁴ The number indicated before the question/variable corresponds to the code of each question/variable in the database.

⁵ Note that Coverage is used here with a different meaning from – as an example – the share of the population actually receiving benefits.

8. Data collection in 1989

Data collection for 1989 has been undertaken for Old-age pension and unemployment programs. Between 1989 and 1999 geo-political changes occurred and new countries appeared. Therefore, information of former countries were used in 1989 in the cases mentioned below.

- Union of Soviet Socialist Republics (USSR):

Information for USSR has been used for the 14 countries below for 1989:

- Armenia
- Azerbaijan
- Belarus
- Estonia
- Georgia
- Kazakhstan
- Kyrgyzstan
- Latvia
- Lithuania
- Republic of Moldova
- Russian Federation
- Turkmenistan
- Ukraine
- Uzbekistan

- Czechoslovakia:

Information for Czechoslovakia has been used for covering Czech Republic and Slovakia in 1989.

- Yugoslavia:

Information for Yugoslavia has been used for covering Croatia in 1989.