Social protection coverage across employment patterns

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Introduction

For any social protection system, the extent of its coverage and the levels of benefits it provides are critical factors in determining its capacity to replace income from work or other sources and to smooth fluctuations in income. The purpose of this paper\(^1\) is to assess how different employment patterns are treated in over 170 countries from the point of view of social protection. It examines trends since the early 1990s in the coverage of pensions and unemployment benefits as provided by legislation (section A). The paper also considers the extent to which these laws and regulations are actually implemented in practice by analysing effective social protection coverage for different employment statuses (section B). In examining the legal and effective coverage, this paper distinguishes between contributory and non-contributory social protection mechanisms and discusses how effective the various types of schemes are at reaching their intended beneficiaries, given different employment patterns.

A. Legal social protection coverage by status in employment

Social protection systems are designed to provide income protection to individuals and households in need of such protection.\(^2\) While such systems exist in many countries, there is not always adequate or effective protection, for three main reasons. First, there are cases where in the absence of social protection legislation, coverage is simply not available. In 2013, just over one-third of countries had social protection schemes that were established by law and covered all social protection contingencies, as defined in the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102). Even in many of these countries coverage was limited to a subset of the population. Second, social protection legislation sometimes excludes certain groups.\(^3\) The third reason is partial implementation, whether due to inadequate enforcement of legal coverage or lack of affiliation (section B). Notwithstanding these limitations, substantial progress has been made in certain facets of social protection.

There has been an increasing trend in the legal coverage of old-age pensions over the past two decades...

By 2013, 93 per cent of the 178 countries under analysis provided pension benefits by law. This compares with only about one-third of countries in the 1950s. In most regions, pension benefits represent the largest

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\(^1\) This paper is based on Chapter 3 of the World Employment and Social Outlook 2015. The changing nature of jobs.

\(^2\) The notion of social protection adopted by the ILO covers all measures that provide benefits, whether in cash or in kind, to secure protection from a lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age or death of a family member; lack of (affordable) access to health care; insufficient family support, particularly for children and adult dependants; general poverty; and social exclusion (ILO, 2014a). In this paper, the analysis of coverage gaps focuses on periodic cash benefits for old age and survivors (for those reaching retirement age) and unemployment. Estimates of legal coverage for pension or unemployment benefits mainly cover programmes under the responsibility of government, where benefits are delivered either directly through government institutions or mandated to private entities. Coverage by private pension schemes is included when affiliation is compulsory and benefits provided are periodic and do not complement an existing basic pension.

\(^3\) For contributory schemes, legal coverage is largely determined by status in employment and type of employment contract. For non-contributory provisions, causes for exclusion relate to national institutional capacities and resources, priorities and visions for social protection.
component of social protection expenditure. Since 1990, many countries in the developing world have adopted new laws or reformed existing legislation to improve coverage. They have done so through various means: establishment of large-scale non-contributory pensions; expansion of coverage under existing schemes, by relaxing or removing conditions for eligibility; and/or development of specific schemes for the self-employed or other specific groups of workers previously not covered. These changes corrected inappropriate terms that had excluded the majority of the population. The observed trend reflects a change in fundamental policy thinking. Based on experience, the expectation that economic growth would draw workers into formal employment and thus provide them with social protection was shown to be unrealistic. Instead, the more recent policy goals recognize that social protection should be extended to groups outside of standard employment relationships.

![Figure 1. Proportion of working-age population legally covered by an old-age pension (%)](image)

Note: Global estimates based on legal information on old-age and survivor’s pensions for 178 countries in 2013, 173 countries in 1990 and 2000, weighted by the working-age population. The numbers refer to old-age pension and survivor’s (above pensionable age) periodic cash benefits. Estimates do not take into account the differences in levels of protection, reliability and sustainability of financing associated with different types of schemes.


In 2013, 77 per cent of people of working age were legally covered by an old-age pension, compared with 47 per cent in 2000 and 32 per cent in 1990 (figure 1). Legal pension coverage for women is lower than for men. Indeed, 74 per cent of women are legally covered, of which only 26 per cent are covered by compulsory contributory schemes. This reflects lower labour market participation among women, fewer hours or fewer years worked and their over-representation in sectors or employment statuses less likely to be covered by legislation (ILO, 2016).

Countries in Asia and the Pacific and in Latin America and the Caribbean are at the forefront in terms of increasing legal coverage. In Asia, just over 10 per cent of the working-age population was legally covered in 1990. This proportion almost tripled between 1990 and 2000, and doubled again from 2000 to 2013.

4 Worldwide, old-age and survivors’ pensions represent 37 per cent of public social protection expenditure, or 3.3 per cent of gross domestic product (GDP) (ILO, 2014a). This is the main component of public social protection expenditure in all regions with the exception of Sub-Saharan Africa.

5 For example, Lesotho’s pension-tested old-age pension scheme, launched in 2004; Timor-Leste’s universal support allowance for the elderly, introduced in 2008; and Swaziland’s pension-tested old-age grant, established in 2005 and further expanded in 2010.

6 Employees in standard employment are those in full-time, indefinite and subordinate direct employment relationship (ILO, 2015d).

7 Estimates of legal coverage for a given social security function (branch) and type of benefit are calculated as the proportion of people of working-age (for pensions) or in the labour force (for unemployment) which are covered by the relevant national social security legislation, with due provision for coverage financed through social insurance contributions or tax-financed schemes. Estimates do not take into account the differences in levels of protection, reliability and sustainability of financing associated with different types of schemes. Such estimates use both information on the groups covered by statutory schemes for a given social security function in national legislation and available statistical information quantifying the number of persons concerned at the national level (ILO, 2014a). See Appendix A for the definition and limitations of legal coverage estimates.
This expansion was largely supported by the development of non-contributory pensions and by the introduction of legislation allowing voluntary affiliation to contributory schemes. The two largest countries in the Asia region, China and India, provide important examples. In Latin America, reforms have focused on extending pension systems to workers outside the formal economy. By 2013, more than 90 per cent of people of working age (including informal workers) were legally covered by a pension scheme, compared with 60 per cent in 1990. Although non-contributory schemes have existed for decades, the observed trend in the past few years is unprecedented in terms of the intensity and speed of expansion. Between 2000 and 2013, at least 18 countries in the region introduced reforms to increase pension coverage through non-contributory schemes (World Bank, 2014; ILO, 2014a).

...mainly benefitting those in an employment relationship...

Not surprisingly, legal pension coverage is highest among employees; gaps in coverage for workers in different employment statuses are acute, especially in Sub-Saharan Africa and in the Middle East and North Africa (figure 2). In 1990, 64.7 per cent of all employees were legally covered by a cash pension benefit after retirement, of which 97 per cent were covered by a compulsory contributory mechanism; by 2013, 88.3 per cent of employees were covered, of which 76 per cent were subject to compulsory contributory rules. Thus, irrespective of the level of protection provided, compulsory social insurance contributed less to the extension of legal coverage to employees than non-contributory schemes or voluntary affiliation. Voluntary affiliation explained 75 per cent of the expansion of legal coverage in this group; however, it should be noted that voluntary coverage has rarely resulted in significant effective coverage. Employees in small enterprises, domestic workers and casual or temporary workers are subject to such mechanisms. This is important because levels of protection and the consequences regarding social inclusion or formalization of employment and public finance vary between the different types of schemes.

Despite these advancements, 20 per cent of employees in low-income countries and 12 per cent globally are still not legally covered by an old-age pension scheme (see section B for a discussion of implementation which can lead to significantly higher exclusion in practice). The main factors that affect whether workers are excluded from legal coverage are:

- The absence of an employment contract or the use of contracts that exclude casual workers, apprentices, temporary or seasonal workers or any workers employed for less than a specified

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8 In 2009, China started a process of extension of pension coverage that aims to achieve universal coverage by 2020. The introduction of the rural pension scheme in 2009 and the urban pension scheme for workers otherwise not covered in 2011 were the first steps in consolidating the two new pension schemes announced in 2014 (ILO, 2014a; ISSA, 2013; Ringen and Ngok, 2013). In January 2015, China’s State Council announced pension reforms for civil servants and public sector employees, bringing them under the purview of the urban basic pension insurance scheme, with a view to complete integration of the system.

9 In India, legal pension coverage jumped from less than 5 per cent in 1990 to 33 per cent in 2000 and more than 80 per cent in 2013. The main reason is that voluntary affiliation to the New Pension Scheme was made available in 2009 to nearly all Indian citizens. The National Pension Scheme or New Pension Scheme (NPS) was operationalized on 1 January 2004, originally for state government and public sector employees. Since 1 May 2009, all Indian citizens aged 18–55 can open a National Pension Scheme account on a voluntary basis; however, there is no matching contribution from the government in the open system (ISSA, 2013).

10 Legal coverage through compulsory contributory pension schemes increased from 62.5 per cent to 66.9 per cent from 1990 to 2013.

11 In Honduras and Paraguay, for instance, domestic workers can now join on a voluntary basis.

12 Exclusion of casual workers from existing legislation on pension exists in all regions. In Africa, it occurs in Gambia, Kenya, Liberia (where they might be covered by non-contributory benefits), Madagascar (for farmers and casual agricultural workers working less than three months a year) and Swaziland. In Asia, it particularly occurs in the Pacific islands (notably Marshall Islands, Palau and Papua New Guinea) and in the Middle East (Bahrain and Yemen). In Latin America and the Caribbean, several countries exclude casual workers from social insurance coverage but instead provide a non-contributory pension (Antigua and
minimum length of time. Such legal exclusions are less common in the case of pensions, but are used for occupational injury or unemployment benefits and, to some, extent for sickness and maternity benefits (at least for cash benefits).

- The type of employer, whether public, private or households, as in the case of domestic workers).
- The size of the enterprise, with the rationale that the bigger the enterprise, the more able it is to make contributions and absorb the administration costs of social protection. With advances in IT contributing to reducing employers’ administration costs, several countries have gradually lowered or eliminated the size threshold below which enterprises are not required to make social protection contributions. Bahrain, India, the Republic of Korea and Viet Nam are examples of countries that extended the coverage step by step.
- The number of hours worked per week or per month.
- The economic sector: the agricultural sector is often excluded without the provision of an alternative specific scheme, including in countries where this is the main source of employment.

There are other factors that might disadvantage workers in non-standard employment (for example, lower levels or reduced duration of benefits or stricter eligibility conditions) but which do not necessarily result in a total exclusion from coverage. The possible impacts of such factors are not specifically considered in the estimates of legal coverage presented in this paper.

...with a gradual extension to other groups, mainly through non-contributory and voluntary contributory pension schemes...

The analysis of trends show the link between employment and social protection has changed over the past two decades. According to laws and regulations, the extension of non-contributory social protection mechanisms and attempts to widen coverage through voluntary affiliation overcome the importance of increasing legal coverage by expanding or introducing compulsory pension insurance.

Barbuda, Belize, Guyana and Jamaica). In Canada, casual workers with annual earnings below 3,500 Canadian dollars are formally excluded from the earnings-related pension.

In 2013, in the Lao People’s Democratic Republic employees of private sector and state-owned enterprises with fewer than ten employees were explicitly excluded from pension coverage (Decree No. 207, 1995, implemented in 2001). The same exception applies in Nepal for the Pension and Provident Fund. In Iraq, Liberia, Nigeria and Pakistan, employees of firms with fewer than five workers are still excluded from pension coverage (SSA/ISSA, 2013). In Papua New Guinea, the limit for entitlement to pension coverage is fixed at 15 or more employees; in India, compulsory coverage by the Employees’ Provident Fund and survivors’ (deposit-linked) insurance is restricted to employees in firms with at least 20 workers in selected industries.

In Bahrain, workers in establishments of less than ten workers, not covered in 1990, may now contribute voluntarily.

In India, voluntary affiliation for employees of firms with fewer than 20 workers is now possible, if the employer and a majority of employees agree to contribute.

In the Republic of Korea, the National Pension Scheme, covering workers in establishments with ten or more employees, was implemented in 1988. In 1992, the compulsory coverage was expanded to firms with five or more employees. It was expanded further in 1995 to farmers, fishers and the self-employed who reside in rural areas, and, finally, in April 1999, to the self-employed in urban areas.

In Viet Nam, the compulsory coverage of the private sector was first restricted to enterprises with ten or more employees. Since 2005, all enterprises, whatever their size, have been obliged to register all their employees with a labour contract of at least three months with the Viet Nam Social Security (SSA/ISSA, 2013; Bonnet et al., 2012). In 2006, the Social Insurance Law expanded the coverage of the pension system to farmers and the self-employed on a voluntary basis (World Bank, 2009).

In countries such as Benin, Madagascar, Saudi Arabia and Yemen, agricultural workers are explicitly excluded from social protection for pensions. Iraq’s Social Protection Law excludes temporary agricultural employees, while similar legislation in Nicaragua excludes seasonal agricultural workers. In Spain, agricultural workers, small farmers and household workers are included, but under certain conditions (SSA/ISSA, 2013, 2014a, 2014b, 2014c).

Partial legal exclusion or ineligibility occurs when certain groups of employees, e.g. temporary or part-time and the self-employed, face stricter eligibility conditions or lower levels of benefits stated in the law (Alphametrics Ltd, 2009).
Figure 2. Old-age pension legal coverage by employment status (%)

Note: Global estimates based on 172 countries in 1990; 180 countries in 2013. The numbers refer to old-age pensions and survivor’s (above pensionable age) periodic cash benefits. Global estimates weighted by the working-age population.


Between 1990 and 2013, the proportion of legal pension coverage based on non-contributory schemes increased by a multiple of more than 5, contributing to more than 40 per cent of the total increase in legal coverage worldwide. As illustrated by recent developments in the Asia and the Pacific and Sub-Saharan Africa regions, a number of countries have established large-scale non-contributory pension schemes,20 in some cases as the main or only pension scheme.

20In 2014, at least 110 countries provided non-contributory pensions. The majority of the countries (56 per cent) targeted people below a defined level of income or “means”. Before 1950, only 20 countries did so, mainly the Developed Economies and European Union but also including countries from Latin America (Uruguay (1919), Barbados (1937), Trinidad and Tobago (1939) and Guyana (1944)) and sub-Saharan Africa (South Africa (1927) and Namibia (1949)). Until the 1990s, non-contributory pensions tended to be established as a complement to existing contributory schemes. The 1990s represented the first significant wave of their rapid development in developing countries. This trend continued over the following decade, with lower-middle-income countries and a few low-income countries (e.g. Lesotho, Swaziland and Timor-Leste) establishing such schemes, usually as the main mechanism to ensure a minimum level of income security for older people.
Likewise, attempts to widen coverage through voluntary affiliation to contributory pension schemes represent 44 per cent of the increase in legal coverage recorded over the past two decades. Voluntary affiliation was adopted by law in a significant number of countries, most notably in China. It is one of the main approaches adopted in social protection legislation to extend coverage to the self-employed in the Sub-Saharan Africa and Asia and the Pacific regions.

As a result, compulsory contributory schemes are no longer the main legal arrangement for providing pensions for older people, especially in low- and middle-income countries. In 2013, compulsory contributory pensions represented only 41 per cent of total legal pension coverage, compared with 78 per cent in 1990. The expansion of legal coverage through compulsory contributory pension schemes has been constrained by various factors, including persistent informal employment and a high incidence of low-paid jobs. The Latin American and the Caribbean region can be seen as one exception. In this region, contributory compulsory mechanisms account for a relatively high share of the increase in legal coverage.

Colombia and Costa Rica (Durán Valverde et al., 2013), for instance, transformed initial coverage of the self-employed from voluntary to compulsory affiliation while adopting complementary measures, such as subsidizing contributions or simplifying registration of payment processes, to facilitate the transition.

...notably in favour of the self-employed.

The rapid extension of legal coverage to the self-employed is one of the most important developments since the 1990s. Focusing on legal coverage and acknowledging the fact that legal coverage based on contributory (mandatory or voluntary) or non-contributory mechanisms leads to very different levels of effective pension coverage, the increased use of non-contributory mechanisms and the option provided by legislation for voluntary affiliation have supported the significant extension of legal coverage to this group (figure 3). In 2013, 147 of the 181 countries examined (81.2 per cent) provided pension coverage for the self-employed, which is twice the proportion in 1990.

![Figure 3. Proportion of countries providing pension coverage for the self-employed, by type of pension scheme (%)](chart)

Source: ILO Research Department (see figure 2).

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21 The voluntary nature of the new National Rural Pension Scheme (initiated in late 2008) and the Urban Residents Pension Scheme, targeting urban citizens not eligible for the urban employees’ pension system (launched in July 2011), may be temporary. These two reforms, initiated on a voluntary basis, are expected to be integrated into one unified pension system covering both urban and rural residents (announced in February 2014) and become compulsory for their respective constituents by 2020. In this paper, estimates are based on the voluntary nature of the affiliation to these schemes. Some global estimates excluding China are provided in addition. When excluding China from the analysis, voluntary affiliation contributes only 16.3 per cent of the increase in legal coverage since 1990; 62.1 per cent of the increase in legal coverage is then based on non-contributory mechanisms.

22 In Latin America, legal pension coverage increased by 34.7 percentage points from 1990 to 2013. Contributory compulsory affiliation accounted for 46.3 per cent of this increase. The development of non-contributory pension schemes accounted for 39 per cent of the increase, and the remaining 14.7 per cent was voluntary affiliation.
The result is an increase in the proportion of the self-employed who are legally covered (irrespective of the level of protection provided and consideration about the effective implementation of this legal coverage). As of 2013, 77 per cent of the self-employed were legally covered by some type of pension scheme, compared with 29 per cent in 1990, in other words, 2.5 times higher coverage. Over the same period, the proportion increased by a factor of 8 in low-income countries and by a factor of 4 in middle-income countries. Likewise, coverage among unpaid family workers tripled from 20 per cent in the 1990s to 61 per cent in 2013, mainly through non-contributory mechanisms covering larger groups of the population.

Unemployment protection lags behind pension coverage...

While there has been a clear and widespread trend towards extending legal pension coverage, the same has not been observed for unemployment protection. One reason for this lies in the relevance of the concept of “unemployment” in many emerging and developing countries. In these countries, important inroads have been made, instead, to provide at least a basic level of income security, through employment guarantee schemes or other forms of public employment programmes for the working poor and the underemployed.

As a result, unemployment benefits are still not available in the majority of countries and legal unemployment coverage among the labour force is limited (figure 4). In 2013, only 87 out of 205 countries (42.4 per cent) had unemployment protection schemes anchored in legislation that provide periodic cash benefits – mainly the Developed Economies and European Union and countries from Central and South-Eastern Europe and CIS – compared with 68 (33.5 per cent) in the early 1990s. A limited number of emerging and developing countries (mainly in Asia and Latin America) have established unemployment schemes. In 2013, only slightly more than 30 per cent of the labour force is legally covered by unemployment benefits (cash periodic), up from 17.5 per cent in the early 1990s.

Figure 4. Proportion of the labour force legally covered by periodic unemployment benefits (%)

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23 The extension in China to reach universal pension coverage influences the magnitude of these results but not the structural trend. Without China, the proportion of employers and own-account workers legally covered increased by 1.8 times between 1990 and 2013 (from 41.3 per cent to 74.3 per cent) globally, and from 25.9 per cent to 69.3 per cent in middle-income countries. More than 85 per cent of this increase in legal pension coverage has been based on either non-contributory mechanisms or some legal provision allowing for voluntary affiliation. Voluntary affiliation explains most of the increase in legal pension coverage to own-account workers and employers (62.8 per cent) when China is included, compared with one-third without China. Non-contributory mechanisms explain respectively 24 per cent and 43 per cent of the increase with and without China.

24 Some public employment programmes, such as India’s Mahatma Gandhi National Rural Employment Guarantee Scheme or the Productive Safety Nets Programme in Ethiopia, provide employment or alternatively cash or food transfers for those who are permanently or temporarily unable to work, or for whom work is not available (ILO, 2014a, 2014b).

25 This proportion covers legal provision for unemployment insurance, unemployment social assistance providing partial income replacement to unemployed people. In addition, 17.1 per cent of the 205 countries considered here provide severance payments.

26 In the 1990s, the Developed Economies and European Union and Central and South-Eastern Europe and CIS represented 26 per cent of the labour force but 83 per cent of those legally protected for unemployment benefits. In 2013, these proportions were respectively 21 per cent and 53 per cent, notably as a result of the increase in legal coverage in Asia and the Pacific and Latin America and the Caribbean.
Note: Regional estimates based on 191 countries for 1990 and 2000 and 192 countries in 2013. The numbers refer to periodic cash benefits. Regional estimates weighted by the labour force. For the majority of countries from Central and South-Eastern Europe and CIS, information for 1990 refers to 1991 or early 1990s.


In 2013, compulsory contributory unemployment benefits represented 71.4 per cent of total legal coverage, down from 94.2 per cent in 1990. Non-contributory unemployment protection schemes gained some importance, representing one-quarter of legal coverage; 3 per cent were based on voluntary affiliation. This is partly a result of the introduction of new types of schemes, such as the Indian national employment guarantee schemes, which afforded coverage to previously excluded workers. However, it also reflects a shift in some countries away from social insurance benefits to a lesser social assistance type of benefit following a policy trend that advocated lowering employers’ social security contributions, which, it was hoped, would encourage employment growth. Russia contributed significantly to the weight of this shift when the compulsory unemployment insurance introduced in 1991 was replaced in 2001 by a non-contributory system.

...and is almost exclusively available to employees in standard forms of employment.

In 2013, 40 per cent of employees were legally covered by unemployment benefits (figure 5); these constituted close to 90 per cent of all people covered by legislation. Starting from the 1970s, some countries gradually expanded the legal coverage by unemployment benefits, typically covering employees. In 1972, Canada included public servants, and the United States removed rules restricting coverage to employers with more than a minimum number of employees. In 1998, the Republic of Korea expanded coverage of its employment insurance system to all employees by including all workplaces, irrespective of size. Viet Nam currently restricts unemployment insurance coverage to employees with permanent or open-ended contracts in enterprises with at least ten workers, although it is planning to eliminate the latter condition (Carter et al., 2013). More than 80 per cent of the increase in legal unemployment coverage between 1990 and 2013 came from further inclusion of employees. Low- and middle-income countries typically offer the least unemployment protection.

In addition to the criteria mentioned for pensions, employees may be excluded from coverage by existing unemployment social protection legislation because they are public sector employees on the grounds of

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27 They represent 98 per cent of those legally entitled to compulsory contributory benefits. In most regions, unemployment protection relies largely on unemployment insurance.

28 Less than 2 per cent of employees in low-income countries are legally entitled to unemployment benefits or an employment guarantee. In middle-income countries, this proportion has almost doubled since 1990, reaching 35.9 per cent in 2013. In high-income countries, 85.3 per cent of employees are legally entitled. This proportion has increased by 11.7 percentage points since 1990.

29 In Argentina, public service employees, employees of private teaching institutions and universities are excluded, as well as domestic workers. Similarly, government workers are excluded in Chile, Denmark, Republic of Korea and Thailand. In France, public institutions must self-insure or opt in to the general unemployment insurance scheme.
their permanent contracts, or because of strict qualifying conditions regarding their access to social insurance-related unemployment benefits.\textsuperscript{30}

Seasonal or temporary workers are sometimes explicitly excluded from legal coverage (as in the cases of Egypt, Thailand and Viet Nam), or they may be excluded indirectly, because they are less likely to meet the qualifying conditions. Non-explicit indirect exclusions are more numerous. They can occur as a consequence of a failure to complete a qualifying period for contributions or to meet eligibility criteria, perhaps based on a minimum number of hours of work or a minimum level of earnings. These exclusions have a disproportionate impact on women. Some countries, such as Japan, the Republic of Korea and South Africa,\textsuperscript{31} restrict eligibility among employees by fixing a minimum number of hours of work, which has possible consequences for part-time workers (ILO, 2014d) and casual and temporary workers whose hours are below the minimum threshold. In Germany, Japan and the Republic of Korea, workers with low earnings are excluded.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure5}
\caption{Unemployment benefit legal coverage by employment status (\%)}
\end{figure}

\textsuperscript{30} Which in many countries determined future eligibility to unemployment-related social assistance benefits.

\textsuperscript{31} A minimum of 20 scheduled working hours per week in Japan; at least 60 hours a month or 15 hours a week in the Republic of Korea; and more than 24 hours a month in South Africa.
Other forms of employment frequently do not do not qualify for the social protection that employees with standard employment relationships enjoy. For instance, domestic workers rarely benefit from unemployment protection, with notable exceptions such as Brazil, France, Germany, South Africa, Uruguay and Venezuela. Other categories of workers such as zero-hour contracts or “minijobs” are also often excluded from legal coverage. In addition to being confronted by working poverty, these employees often lack income security once they retire or if they lose their job.

The availability of unemployment benefits to the self-employed remains limited. Globally, 11 per cent of the self-employed were legally covered for unemployment benefits in 2013, compared with 5 per cent in 1990. The corresponding proportion in high-income countries was 32 per cent and 17 per cent in 2013 and 1990, respectively.

The number of countries which provide such protection by law increased modestly, from 27 in 1990 to 34 in 2013. Many of these countries cover only some of the self-employed; in Canada, for example, only fishers are legally covered. Half of these countries provide protection through non-contributory or voluntary-based affiliation. In Austria, Germany, Mauritius, the Republic of Korea, Romania and Ukraine, all or some self-employed can join the schemes on a voluntary basis. In Estonia, Ireland and the United Kingdom, coverage is provided through a non-contributory scheme.

It is not uncommon for the self-employed to face stricter conditions of eligibility or lower levels of benefits. For example, in Denmark, where self-employed workers enjoy the same social protection entitlements as employees, a three-week waiting period is imposed on the self-employed for unemployment benefits, while no such restriction is applied to employees. In Luxembourg, the self-employed must have completed at least two years of compulsory pension insurance contributions to qualify for unemployment benefits, whereas only six months of contributions are required for employees (European Commission, 2015). Stricter conditions to qualify also apply in Finland, where both qualifying and reference periods are different for self-employed persons and employees.

### B. Social protection coverage in practice

Whether for pensions or for unemployment, the extension of legal coverage does not in itself ensure that all those people who are legally covered are covered effectively, or that the levels of benefits are adequate. In practice, the extension of effective coverage may significantly lag behind that of legal coverage. Some implementation coverage gaps occur when, despite being covered by existing laws and regulations, people do not have effective access to their benefits. There are many reasons why this happens. The determining factors range from the effectiveness and efficiency of national institutions to deliver benefits and services to budgetary constraints and low institutional capacity. Implementation gaps result also from factors such as the appropriateness of the benefits, individuals’ ability to contribute and their awareness of entitlements and confidence in institutions.

**There are major gaps in effective implementation of legal pension coverage...**

In all countries, effective pension coverage is consistently less than legal coverage. In 2013, 77 per cent of people of the working-age population were legally covered by a pension scheme and 51.5 per cent of the employed...
people in old age effectively received a pension.\textsuperscript{35} The recent developments in contributory pension coverage, which will affect future generations of pensioners, does not account for this difference.\textsuperscript{36}

Today, 43 countries experience both low legal and effective pension coverage (group 1 in figure 6). By contrast, 65 countries have reached near universal pension coverage in terms of people receiving benefits (group 4). The Developed Economies and European Union and countries of Central and South-Eastern Europe and CIS represent more than 70 per cent of all countries in this group. Despite this success, there are serious concerns about the maintenance of adequate levels of benefits as a result of fiscal consolidation polices (ILO, 2014a). Other countries in this group, such as Bolivia, Botswana, Lesotho, Namibia,\textsuperscript{37} South Africa,\textsuperscript{38} Swaziland or Timor-Leste, demonstrate the relevance of non-contributory pensions in countries where informal employment dominates.

Since 2000, less than 60 per cent of the increase in legal pension coverage has been effectively implemented. For a large number of countries, important reforms on the legal side\textsuperscript{39} have not yet been fully implemented, resulting in a significant increase in implementation gaps (groups 2 and 3). The extensive reliance on voluntary affiliation, which affects 60 per cent of the countries in group 2, is one of the factors inhibiting effective expansion. The development of policies to address these gaps (including the refinement of legislation and the redesign of schemes) resulted in tangible results in some countries (group 3) in terms of effective pension coverage. In this respect, coherence between different mechanisms also matters. Cabo Verde, Chile, Costa Rica (Durán Valverde et al., 2013), Tunisia (Friedrich Elbert Stiftung, 2011; ILO, 2002), Argentina and Uruguay have gradually extended coverage since the 1990s through a mix of contributory and non-contributory mechanisms, improving the coherence of the pension system and focusing, in recent years, on measures to facilitate the effective coverage of the self-employed (Durán Valverde et al., 2013; ILO, 2014a; FORLAC, 2014a, 2014b). China, Ecuador, the Republic of Korea and Venezuela have also taken significant steps since 2000.

\textbf{Figure 6. State of pension coverage: A global picture}

Note: group 1: countries with legal coverage below 30 per cent in 1990 or 40 per cent in 2000 or 50 per cent in 2013 and with no significant increase in legal coverage between 1990 and 2013 (below a factor of 3); group 2: legal coverage above 30 per cent in

\textsuperscript{35} In 2000, 46.6 per cent of those of working age in 2000 were legally covered and 33.5 per cent of people in old age received a pension.

\textsuperscript{36} Legal and effective coverage are not strictly comparable. In the case of newly established contributory schemes, the required minimum period of contributions to be eligible explains part of the implementation gap. Some of the limitations associated with the direct comparison of legal and effective coverage can be found in Appendix A.

\textsuperscript{37} The South African apartheid government extended the social pension to white residents in Namibia in 1949. The watershed date for removing discrimination in the pension system was at independence in 1990 (CPRC, 2007).

\textsuperscript{38} South Africa was the first country in Africa to institute a state pension. The first parliamentary proposal for an old-age grant was made in 1922 and was instituted in 1928. Act No. 22 entitled all “white” and “coloured” residents of South Africa aged 65 years and older to receive a pension, subject to an income-based means test. In 1944, black South Africans were first granted the right to claim the pension, albeit at a lower rate than the value transferred to white and coloured residents. Then, with the end of the apartheid government in 1994, the pension was finally equalized across all citizens (CPRC, 2007).

\textsuperscript{39} Certain countries deviate from this classical process, as a number of programmes have emerged in recent years that provide some degree of protection but lack a legal foundation.
1990 or 40 per cent in 2000 or 50 per cent in 2013 or significant increase in legal coverage (at least by a factor of 3) between 1990 and 2013 and effective coverage below 50 per cent in 2013; group 3: effective coverage above 50 per cent in 2013 but below 80 per cent; group 4: both legal and effective coverage above 80 per cent.


...especially as regards systems that rely on voluntary contributions.

Legal coverage based mainly on voluntary affiliation mechanisms typically results in larger implementation gaps. Examples from Latin America and the Caribbean confirm the difficulties in attracting the self-employed on a voluntary basis. In eight countries in the region, pension coverage for the self-employed is voluntary. This is the case for Bolivia, El Salvador, Grenada, Guatemala, Mexico, Nicaragua, Paraguay and Venezuela (although in Bolivia the non-contributory Renta Dignidad is available for all citizens). In 24 countries, including Argentina, Brazil, Costa Rica and Uruguay, affiliation is compulsory and has resulted, not surprisingly, in higher rates of coverage of the self-employed. Coverage rates are about 30 per cent, 28.5 per cent and 43.3 per cent in Argentina, Brazil and Uruguay, respectively. They are significantly lower in El Salvador (10.1 per cent), Guatemala (2.8 per cent) and Nicaragua and Paraguay (less than 0.5 per cent). Similar results were observed for domestic workers. Where coverage is compulsory, schemes typically achieve effective coverage of 20 per cent to 30 per cent of the target population, while voluntary schemes achieve less than 5 per cent effective coverage (Mesa-Lago, 2008).

In general, compulsory contributory mechanisms have proved to be more effective in reaching the intended target groups. They tend to be particularly effective in countries with universal legal pension coverage, i.e. typically in countries with high proportions of employees and where the incidence of permanent contracts is high. In those countries, more than 90 per cent of people legally covered are effectively reached. In other countries with usually higher levels of informal employment, the implementation of the legislation based on compulsory contributory schemes faces constraints: financial barriers for people legally covered combined with weak institutional capacity result in low rates of implementation of legal coverage (less than 50 per cent in 2013). In such contexts, non-contributory schemes (with 75 per cent of legal coverage effectively implemented) may be more effective in reaching intended beneficiaries.

Non-standard forms of employment and self-employment are disproportionately affected by implementation weaknesses...

The analysis of effective affiliation by employment status focuses on contributory schemes that are either compulsory or voluntary (figure 7). A number of observations emerge. First, there is a generally low level of effective coverage by contributory pension schemes – which suggests that measures are needed to enhance implementation and highlights the role of non-contributory schemes in certain circumstances. Second, employees are effectively better covered than other working groups. At the global level, 52 per cent of employees are currently affiliated to a pension scheme, compared with 16 per cent of the self-employed. Third, differences in coverage by contributory schemes by status in employment are amplified in lower-income groups of countries. Men are better covered than women, but there are significant variations across regions. In Sub-Saharan Africa, 8 per cent of working women contribute to a pension scheme, compared with 13 per cent of their male counterparts. In the Middle East and North Africa, and to some extent Latin America and the Caribbean, gender differences in effective pension coverage through...
contributory schemes result from lower participation rates among women, which are only partially compensated by the fact that the minority of women in employment usually access better conditions of employment. Older women still tend to face a higher risk of poverty than men as a result of lower coverage rates and, more importantly, lower levels of benefits (ILO, 2014a).

Outside the Developed Economies and European Union and some countries in Latin America and the Caribbean, pension coverage through contributory schemes is primarily directed at employees. Employees benefit not only from relatively high levels of legal coverage, but also from the most effective rate of implementation of this legal coverage. Worldwide, just above half of employees (51.8 per cent) contribute to a pension scheme that entitles them to a pension in the future. An additional 2.7 per cent would expect to benefit from a non-contributory pension. Affiliation rates among employees range from 35.1 per cent in low-income countries to 88.5 per cent in high-income countries. Less than 45 per cent of employees contribute to a pension in Asia and the Pacific, Sub-Saharan Africa and the Middle East and North Africa, compared with 90 per cent in the Developed Economies and European Union, 76 per cent in Central and South-Eastern Europe and CIS countries and 65 per cent in Latin America and the Caribbean. Worldwide, 39 per cent of employees legally entitled to contributory benefits are currently not contributing44.

Figure 7. Legal and effective old-age pension coverage by employment status (% latest available year)

Note: Global estimates on effective affiliation to contributory pension schemes based on 111 countries representing 86 per cent of total employment, weighted by total employment. Numbers refer only to coverage by contributory mechanisms (compulsory or voluntary). Effective coverage is measured as the proportion of employed by status in employment contributing to a pension scheme. Country grouping corresponds to World Bank income classification.

Source: ILO Research Department: see figure 1 for legal coverage; household survey data for effective coverage (detailed sources available in Appendix E).

One of the obstacles to the implementation of contributory social protection among employees is the lack of a formalized employment contract. More than 25 per cent of all employees do not have any employment contract.45 Informal employment exceeds formal employment in a number of countries (ILO, 2014f).

Effective affiliation to a contributory social protection scheme depends not only on the existence of a contract but also on the type and duration of the contract. According to available data, 42.1 per cent of all

43 Global estimates based on 111 countries and weighted by total employment (Appendix C).
44 ILO Research Department: see figure 1 for legal coverage; household survey data for effective coverage.
45 Global estimates based on 90 countries and weighted by total employment (ILO Research Department).
46 Acknowledging that being under a formalized employment contract is only one of the criteria used to define informal employment. In India, for example, 84.9 per cent of employees were in informal employment in 2009-10. In other countries from Asia (Indonesia, Pakistan, Philippines, Sri Lanka and Viet Nam), Latin America (Bolivia, Ecuador, El Salvador, Honduras, Nicaragua, Paraguay and Peru) and Africa (Madagascar, Mali, Uganda, United Republic of Tanzania and Zambia), between 50 per cent and 70 per cent of employees are in informal employment. In Argentina, Brazil, Colombia, Lesotho, Liberia, Mexico and Namibia, the figure is between one-third and close to half of employees (ILO, 2014f).
employees\(^{47}\) have a permanent contract (only 24.5 per cent in Asia and the Pacific) and 32.5 per cent of all employees work on a temporary contract. The rate of affiliation for non-permanent employees is lower everywhere than for permanent employees. There is an almost perfect correlation between the proportion of permanent employees in total employment and the proportion of employed contributing to a pension scheme.\(^{48}\) Nearly 80 per cent\(^{49}\) of employees with a permanent contract are currently contributing to a pension scheme, compared with just above half (51 per cent) of employees with temporary contracts. Variations in coverage are more limited in the Developed Economies and European Union region (figure 8, panel A), while gaps in protection and disparities between permanent and temporary employees are both significantly higher in other regions. In low-income countries even permanent employees, who are usually a minority of those employed, lack contributory social protection: according to available data,\(^{50}\) 45 per cent of permanent employees and less than 18 per cent of temporary employees are contributing to a future pension. It is estimated that 19 per cent of employees may benefit from a non-contributory pension, either universal or means tested. The coverage of employment-related workers’ pensions is lowest in African countries and the majority of countries there also lack non-contributory protection; income security for people in old age relies on work, family, community or other non-governmental support.

Figure 8. Proportion of employees/total employed contributing to a pension scheme (% latest available year)

Panel A. By type of contract

Panel B. By sector

\(^{47}\) Global estimates based on 90 countries and weighted by total employment. Additional results available in Appendix D.

\(^{48}\) The correlation coefficient (\(r\)) is 0.947, based on 80 countries. The relation is, as would be expected, significantly weaker if beneficiaries of old-age pensions (from both contributory and non-contributory schemes) are considered (\(r = 0.834\)).

\(^{49}\) Global estimates based on 79 countries, representing close to 70 per cent of total employment.

\(^{50}\) Thirteen low-income countries, with information representing 60 per cent of total employment in this group of countries.
Panel C. By full-time/part-time employment

<table>
<thead>
<tr>
<th></th>
<th>Low-income economies</th>
<th>Middle-income economies</th>
<th>High-income economies</th>
<th>World</th>
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<tr>
<td>Among employees</td>
<td>11.2</td>
<td>35.0</td>
<td>42.5</td>
<td>55.3</td>
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<tr>
<td>Total employment</td>
<td>4.4</td>
<td>31.5</td>
<td>68.3</td>
<td>39.7</td>
</tr>
</tbody>
</table>

Legend:
- Full-time
- Part-time
- Alternative: legal entitlement to non-contributory pension
Panel D. By size of enterprise

Note: Global estimates weighted by total employment based on survey data (detailed country data are given in Appendix C). Panel A: available for 79 countries, representing 68 per cent of total employment; panel B: 82 countries, representing 75 per cent of total employment; panel C: 73 countries, representing 70 per cent of total employment; panel D: 73 countries, representing 66 per cent of total employment. Panel C: Part-time employment is based on a common 30-usual-hour cut-off. Panel D: The categorization by size of enterprise is the same for all countries, with exceptions (see note in Appendix D). Panels B to D: Country grouping corresponds to World Bank income classification.

Source: ILO Research Department based on household survey data (detailed sources available in Appendix E).

Public versus private sector employment also influences the effective rate of affiliation to pension schemes (figure 8, panel B), as do the number of hours worked (panel C) and the size of enterprise (panel D). Close to 75 per cent of employees in the public sector are affiliated to a contributory pension scheme. This proportion falls dramatically among employees in the private sector (41 per cent contributing), and even more so when considering all status in employment (31.2 per cent). This last proportion becomes negligible in low-income countries (less than 2 per cent).

In the case of part-time workers, the application of thresholds regarding the minimum number of hours to be worked to be eligible tends to result in significant proportions of part-time workers being excluded in practice from social protection. Globally, more than 55 per cent of employees in full-time employment are affiliated to a pension scheme, compared with 41.6 per cent of those working part time.

The size of an enterprise is another determining factor affecting the affiliation rate. Large enterprises usually have the highest levels of productivity, provide higher wages and are more able to afford the cost of formalization (including the cost of social protection). Also, social dialogue mechanisms are potentially more available in larger enterprises, which can favour affiliation. In addition, larger enterprises are more exposed to labour inspection. Focusing on employees, 40.3 per cent are covered in enterprises with fewer than 10 workers. The proportion reaches 70 per cent in enterprises with at least 50 workers. Gaps in coverage are, of course, accentuated when including independent workers.

...with very low coverage for the self-employed.

The self-employed are both less likely to be covered according to the legislation and are less likely to contribute to a pension scheme (figure 8). This is partly due to the extended use in legislation of voluntary-based affiliation and persistent high levels of informality. On a worldwide basis, just above 20 per cent of own-account workers and employers and 5 per cent of unpaid family workers are affiliated to a contributory pension scheme. Affiliation of the self-employed to contributory pension schemes is close to non-existent in low-income countries. An additional 15 per cent of own-account workers and employers and 27 per cent of unpaid family workers may receive non-contributory benefits once reaching the pensionable age (table 3.1). Most critical is the situation in countries where more than half of the people employed are self-employed. There, effective affiliation rates for contributory pension schemes among non-employees are lower than 2 per cent. This is reflected in the low level of implementation of legal provision based on contributory mechanisms in lower-income groups of countries or in countries where self-employment dominates.
In high-income countries, affiliation rates among the self-employed are higher; however, still more than 30 per cent of employers and own-account workers do not contribute despite their legal coverage. The main issue in high-income countries relates to implementation. In Germany, for instance, most of the self-employed have the option of joining the public pension insurance system voluntarily, but less than half do so (European Union, 2013). Several countries, notably in Latin America and Europe, have adopted measures to overcome some of these obstacles and enhance access to contributory schemes for the self-employed. In France, the “auto-entrepreneur” status adopted in 2008 is an example of such a measure. Experiences presented below, and adjustments and improvement over time, point to ways of overcoming some of the barriers to effective extension to groups outside standard forms of employment.

**Policy measures to enhance the effective affiliation of the self-employed and those in other forms of non-standard employment**

Constraints to affiliation by the self-employed may include the financial ability capacity to contribute, sometimes heavy administrative procedures, the inappropriateness of benefits, the levels and periodicity of collection of contributions, lack of confidence in the institutions in place and inadequate awareness about entitlements. The incidence of these barriers and the need for incentives to overcome them are particularly high in the case of voluntary affiliation. Three examples of measures to overcome obstacles to affiliation to contributory schemes are presented below: differentiated contributory categories, simplified procedures and subsidization of contributions.

**Differentiated contributory categories**

This first set of measures is illustrated by the case of Cabo Verde. The National Social Welfare Institute in Cabo Verde has implemented significant reforms to improve the registration of the self-employed. In 2009, the registration of independent workers for social insurance became compulsory, and benefits granted to this category of workers matched those legally established for employees. This process was supported by the adoption of a specific contribution system based on income categories, leaving some flexibility for workers to choose which category to contribute to. The value of the contribution is based on a reference income, but cannot be below the minimum salary for public administration (Durán Valverde et al., 2013).

**Simplifying procedures: Registration and tax collecting procedures**

Simplifying registration procedures and combining social protection contributions and taxes into a single package are measures that have been adopted to encourage formalization. The measures target own-account workers and micro-enterprises with sales, profits or income below a certain level. They are usually associated with consolidated monitoring and identification systems, for example the taxpayer registration number in Ecuador, and the integrated form for contribution settlement and single registry of contributors in Colombia (Durán Valverde et al., 2013).

The Monotributo (Monotax) in Uruguay and the French auto-entrepreneur status are also examples of these mechanisms. In early 2000, most Uruguayan self-employed workers were excluded from social protection coverage. The Monotax was initiated in 2001. The benefits were not immediate, as six years after its introduction only 17.6 per cent of self-employed workers were covered by the social protection system. A major reform was undertaken and significant changes implemented in 2007, eliminating several restrictions on the conditions to join the scheme. Following this, in 2011 the Social Monotax was created as a special Monotax regime for one-person enterprises or joint entrepreneurship. The Social Monotax can be accessed by individuals in households earning below the poverty line or in situations of socioeconomic vulnerability (ILO, 2014e). By 2013, 42.7 per cent of independent workers were covered.

The French Government launched the auto-entrepreneur status in 2008. This simplified system is in many respects similar to the Brazilian Super Simples system and the Uruguayan Monotax. Auto-entrepreneurs are independent workers with an annual turnover under €81,500 for trading activities, or under €32,600
for service provision (Government of France, 2015). The main objectives are to simplify the process for creating a very small individual company and to legalize undeclared work. The creation process can be completed online within two days. Social security contributions are established as a package expressed as a percentage of income,\footnote{The percentage of income varies from 13.3 per cent to 22.9 per cent, depending on the sector within which the business is located, and can also incorporate income taxes (the universal package).} which can also incorporate income taxes (the universal package). Auto-entrepreneurs benefit from the same protection as employees in respect of health-care benefits and maternity and family allowances. Contributions give entitlements to the basic and complementary pensions managed by existing schemes covering independent workers, with the level of benefits depending on annual turnover. Six years later, close to 1.5 million enterprises have been created, and there are around 1 million active auto-entrepreneurs (UAE, 2014). Three out of four auto-entrepreneurs created their enterprise as a direct result of this scheme (INSEE, 2012).

**Subsidizing contributions**

Social protection directed to the poor is often subsidized. In Costa Rica, the subsidization of contributions of low-income independent workers helped to raise coverage rates to 60 per cent in health insurance and 44.8 per cent in pension insurance in 2009 (Durán Valverde et al., 2013). In New Zealand, KiwiSaver, a defined contribution national pension savings plan, offers the self-employed a subsidy of 1,000 New Zealand dollars (NZD) as a “kick-start” payment for those joining the scheme. In addition, a tax credit of half the member’s contribution up to a maximum of 542 NZD per annum is paid to encourage contributions. The self-employed can choose their contribution level, and the scheme allows lump sum as well as regular contribution payments (ISSA, 2012).

**Expanded coverage still may not meet the objective of income security in old age**

While effective expansion of pension coverage can contribute to income security in old age, the level of income security will ultimately depend on the level of benefit received. Pensions from non-contributory schemes appear to be, in some contexts, the most effective means of extending coverage to those in the informal employment or low-paid work; however, in more than 25 per cent of the 62 developing countries with a non-contributory pension, beneficiaries receive less than 1.25 USD PPP (purchasing power parity) a day, and in 75 per cent, less than 5 USD PPP a day (figure 9). In Bangladesh, India and Mozambique, the monthly pension is lower than 10 USD PPP, representing less than 5 USD a month.

Given that government budgets are limited, there will be a trade-off between the amount by which coverage can be extended and the levels at which benefits can be paid. To date, this trade-off has often resulted in benefit levels being low – although providing a relatively stable income, to the extent that financing is reliable and sustainable.

Considering not only non-contributory pensions but total social protection spending on benefits for people in old age, some first results highlight that between 2000 and 2013 the number of pensioners increased by a factor of 2, but resources allocated to their benefits increased by a factor of 1.5.\footnote{Based on 151 countries. Sources: ILO Research Department, based on ILO, 2014a; 2015e; ADB, 2015; Eurostat, 2015a; OECD, 2015; United Nations, Department of Economic and Social Affairs, 2015; World Bank, 2000, 2015a, 2015b; and national sources.} At the global level, the average amount spent per beneficiary has decreased by 20 per cent since 2000. This decrease can be attributed to the downsizing of benefits in contributory schemes due to fiscal consolidation polices being implemented in a large majority of countries (ILO, 2014a; Ortiz et al., 2015); and the trend in favour of non-contributory schemes that provide lower benefits, which is furthermore accompanied, in contributory schemes, by the transfer of the economic risks associated with accumulating pension entitlements onto individuals (ILO, 2014a).
In 2013, the number of beneficiaries from non-contributory pensions as a share of total pension beneficiaries was higher than the share of resources allocated to them as part of total expenditure on benefits for persons in old age. Worldwide, beneficiaries from non-contributory pensions represented one-third of old-age pensioners, but they received only 5 per cent of resources allocated to old-age benefits. The asymmetry in the distribution of pensioners and resources between contributory and non-contributory pensions is more pronounced in lower-income countries. The magnitude of the gap in benefit levels between non-contributory and contributory pensions raises doubts about the ability of some non-contributory pensions to meet fully the objective of income security, despite the universality of coverage in some cases.

A decreasing minority of unemployed can rely on periodic unemployment benefits...

There has been a constant decrease since 2007 in the proportion of unemployed people receiving unemployment benefits (figure 10). There are several factors behind this, including the increase in the average duration of unemployment, the growth of forms of employment that typically do not give access to unemployment benefits, difficulties in meeting the minimum qualifying period for entitlement to social insurance unemployment benefits, and changes in the design of unemployment benefits (such as eligibility conditions and the duration and level of unemployment insurance or assistance benefits).

In high-income economies, after a peak in 2009 (with 43.9 per cent of unemployed people receiving benefits), the proportion decreased to 34.8 per cent in 2014, well below the pre-crisis levels. In other words, even in countries where unemployment protection is well established, only around one-third of the unemployed benefit from income security, receiving either unemployment insurance or unemployment assistance benefits. Others may participate in active labour market programmes and receive so-called “activity benefits” (in Sweden, for instance) or may benefit from general social assistance. Most high-

53 Non-contributory public servant pensions are not included.
54 Globally, less than 0.25 per cent of GDP is spent on non-contributory pensions: from less than 0.015 per cent of GDP in Kenya, Papua New Guinea and Zambia, to more than 2 per cent of GDP in Australia, Mauritius, the Netherlands and New Zealand (ILO Research Department based on HelpAge International, 2015; ILO, 2014a; World Bank, 2015b; National Bureau of Statistics of China, 2015; and national sources). Estimates based on 177 countries, weighted by the population above statutory pensionable age.
55 In low-income countries, beneficiaries from non-contributory pensions represent 22 per cent of old-age pensioners and receive 6 per cent of resources allocated to old-age benefits.
income economies are affected, irrespective of the nature of unemployment benefit provided. Australia and New Zealand, where unemployment benefits are non-contributory, have been following a similar downward trend. An increased share of unemployed individuals have exhausted their rights to unemployment benefits. In Greece, Spain and Sweden, the proportion of the unemployed receiving benefits dropped by 30 to 40 percentage points between 2007 and 2014; in Greece in May 2014, the proportion was well below 10 per cent (Greece Manpower Employment Organization, 2015; ILO/European Commission, 2015). In Sweden, the decrease has largely been driven by government actions. As part of the measures adopted, Sweden has tightened eligibility conditions by increasing the required contributory period while also shortening the maximum duration of benefits.

Figure 10. Proportion of unemployed receiving unemployment benefits (% several years)

Note: In low-income countries the proportion of unemployed receiving benefits is lower than 0.1 per cent (not included in the graph). Country grouping corresponds to World Bank income classification.

Source: ILO Research Department based on national sources; and ILO, 2015b.

The qualifying period (in terms of contributions) plays a critical role in limiting accessibility to unemployment insurance benefits, but it may also enhance the inclusion of workers on the margin of standard employment (box 3.1). The majority of countries require a worker to have contributed for between six months and 12 months before they will qualify for unemployment benefits. At the global level, this qualifying period increased from 40.3 weeks in 2000 to 42.7 weeks in 2013. This trend reflects the situation in the Developed Economies and European Union and Central and South-Eastern Europe and CIS regions, but not necessarily the trends observed in other regions. The combination of higher proportions of workers in non-standard forms of employment and stricter qualifying conditions explains most of the decrease in the proportion of unemployed receiving unemployment benefits. Most Eastern European countries (including Estonia, Lithuania, Poland, Romania, Slovakia and Slovenia) significantly increased the minimum number of months of contributions required before receiving entitlements compared with the early 2000s. France is an exception to this trend, with one of the shortest qualifying periods required. Box 3.1 gives further examples of measures taken by other countries to include workers at the margin.

Box 1 Designing qualifying periods to enhance the inclusion of workers at the margin of standard employment

56 In New Zealand, the proportion of unemployed receiving unemployment benefit fell from 46.5 per cent in 2006 to 32.9 per cent in 2013. In Australia, the proportion fell from 69.7 per cent to 55.1 per cent over the same period.

57 In 2013, considering the 75 countries that provide unemployment insurance benefits for which information is available, 72 per cent required six to 12 months of contributions. This proportion was 65 per cent in 2000.
In France today it is only necessary to have worked for four months in the previous 28 months (previously six months over 20 to 26 months) to qualify for unemployment benefits. This measure was implemented in 2009, and was followed by additional measures in 2013 to reinforce unemployment insurance efficiency and reduce the appeal of short-term contracts. To this end, the 2013 labour market agreement created a scale of unemployment insurance contributions with a view to discouraging short-term contracts; the shorter the contract, the higher the contribution for the employer.  

Another strategy has been to provide specific provisions for temporary or seasonal workers, such as shorter periods of contributions required to qualify for unemployment benefits. However, such favourable eligibility conditions sometimes correspond to lower benefits (replacement rate or duration). In Israel, the qualifying contribution period is shorter for daily workers than for other workers, although the maximum duration of benefit is also reduced (SSA/ISSA, 2013). In Argentina, temporary workers need to have worked 90 days (13 weeks) in the 12 months before unemployment to qualify, compared with six months in the previous three years for workers with permanent contracts. In Chile, six months of contributions are required for temporary workers compared with 12 months for permanent workers. Slovakia has extended the period of reference for temporary workers.

Italy is a good example of adjustment of both eligibility conditions and benefits for workers on non-standard forms of contract (now Mini-Aspi). In this case, the replacement rate was increased to 75 per cent of the wage for a maximum duration of half the number of weeks of contributions. Eligibility criteria were relaxed to 13 weeks of contributions in the previous 12 months (ILO/European Commission, 2015).

Finally, specific allowances could be implemented as an option to cover seasonal workers. In Greece, the special seasonal allowance aims to provide income support to seasonal workers and, in particular, to those in construction, tobacco workers, actors, tillers, forest workers, musicians, etc. Specific rules for both eligibility and benefits are also applied in France for artists and some workers in the entertainment sectors, who benefit from more generous rules, although this raises the issue of adverse selection and moral hazard (Carter et al., 2013; ILO, 2015f).

...and receive lower levels of benefits.

A shift to social assistance (means tested) contributes to a decrease in the level of unemployment benefits relative to wages. This shift is usually the result of a combination of labour market trends (long-term unemployed with exhausted right to social insurance or other unemployed failing to meet the minimum qualifying period to be eligible) and reforms in unemployment schemes. Ireland and Germany are examples of countries where such trends have been observed.

In Ireland, the increased number of unemployed receiving the jobseekers’ allowance (income- or asset-tested unemployment assistance) was offset by the drop in those receiving the jobseekers’ benefit (social insurance). Between October 2008 and April 2013, the duration of jobseekers’ benefit (social insurance) was cut from 18 months to nine months, or from 12 months to six months, depending on the number of

58 Rates paid by employers depend on the duration of each contract. Contributions range from 4 per cent for employees with permanent contracts and temporary agency workers to 7 per cent in the case of fixed-term contracts of one month or less (ILO/European Commission, 2015).

59 Chile’s Law 20.328 (2009), which introduced the social insurance component, extended coverage to temporary workers, namely fixed-term workers whose contract does not exceed 12 months, and task or project contract workers whose contract is subject to the completion of a pre-specified task. Access to benefits is facilitated through relaxed qualifying conditions, but is associated with limited unemployment benefits compared with those for permanent workers (lower levels of benefits, and duration limited to two months compared with five months for permanent workers).

60 Workers are required to have at least two years of unemployment insurance contributions to qualify, but the period of reference considered is three years for permanent workers and four years for temporary workers.
months of contributions, moving many unemployed onto social assistance. In Germany, the tightening of eligibility criteria for unemployment insurance in 2006 caused quite a number of long-term unemployed to move from social insurance to (general) social assistance. Between 2005 and 2013, the share of those receiving insurance benefits fell by 10 percentage points in the eight years following the reform (ILO/European Commission, 2015).

Between 2007 and 2011–13, the relative level of benefits compared with wages decreased in 23 out of 29 European countries examined, as well as in Australia, Japan and the United States (Eurostat, 2015b; LIS, 2015; ILO, 2015g; and national sources). In Greece, the drop in the (nominal) minimum wage in March 2012 directly impacted the basic unemployment benefit, which was equal to 55 per cent of the minimum wage (ILO/European Commission, 2015). In Ireland, Portugal, Romania and Sweden, the relative level of benefit compared with the median wage dropped by more than 20 percentage points between 2007 and 2011–12. In Romania, unemployment benefit in 2012 represented less than 30 per cent of the national median wage. The situation was similar in Hungary, Latvia and Lithuania, and the proportion was just above 30 per cent in Germany, Greece, Poland, Slovakia and the United States.

C. Concluding remarks

This paper has shown that over the past two decades most emerging and developing countries have made significant progress in addressing gaps in legal coverage for pensions by including new categories of workers within the scope of laws and regulations. Progress with respect to unemployment protection has been far less than for pensions, and remains largely absent in developing countries. In most cases, employees in non-standard forms of employment and the self-employed are excluded from unemployment protection. And, when they are protected, they usually receive lower levels of protection.

The extension in legal pension coverage has been brought about mainly by non-contributory mechanisms and attempts to extend coverage by legislating voluntary affiliation. Levels of protection, reliability in operations and financial sustainability, and positive effects on formalization of employment and social inclusion associated with these different mechanisms are not equivalent. They have also led to very different levels of effective pension coverage.

Despite the overall positive steps made towards improving pension coverage – including among workers in non-standard forms of employment and the self-employed – recent experience suggests some concerns for policy. While non-contributory mechanisms can support vulnerable workers, such as those in the informal economy, they also need to be made coherent with the goal of extending contributory schemes. There is a risk that non-contributory schemes may have a negative effect on the willingness of enterprises and workers to participate in contributory schemes. More importantly, it has raised the issues of income security for the beneficiaries as well as the availability, reliability and sustainability of resources. Worldwide, beneficiaries of non-contributory pensions represent one-third of old-age pensioners, but they receive only 5 per cent of resources allocated to old-age benefits. The levels of benefits are typically low, in many cases below the poverty line. This trend in favour of non-contributory schemes that provide lower benefits is accompanied by the downsizing of benefits in contributory schemes due to the fiscal consolidation policies being implemented in a large majority of countries. Furthermore, attempts to widen

61 In Ireland, unemployment assistance, without any limit of time until the age of 66, is not only paid to the unemployed who have exhausted their entitlement but also to all those who do not qualify for unemployment insurance and meet the means or asset test (a number that increased dramatically after 2009).
62 The reference period for eligibility for unemployment insurance benefits was shortened from 36 to 24 months, while keeping unchanged the reference period of employment and the benefit duration was lowered to a maximum of 12 months.
63 The ratio of insurance benefits to assistance benefits changed from 43:57 to 33:67.
64 Calculations based on microdata from Eurostat, 2015b; LIS, 2015; ILO, 2015g; and national sources (administrative data).
coverage through the introduction of voluntary contributory schemes, especially for the self-employed, have rarely resulted in increased effective coverage.

It is not yet clear to what extent these trends together will result in improved social protection and welfare for societies. More research is needed on the impacts that different funding sources of social protection have on income security, on the economy and on labour markets, including on different forms of employment. These impacts are still to be investigated and certainly constitute an important area for future research.
Appendix A Definitions and methods

The analysis of the evolution and composition of changes in both legal and implementation gaps refers to a large extent to the distinctions between contributory and non-contributory schemes and, for contributory schemes, between compulsory and voluntary affiliation.

For **contributory schemes**, contributions made by protected persons and/or by their employers directly determine entitlement to benefits (acquired rights). The most common form of contributory social security scheme is a statutory social insurance scheme. Contributory schemes can be wholly financed through contributions, but more often they are partly financed from taxation or other sources. Affiliation to contributory schemes by protected persons can be compulsory or voluntary.

**Non-contributory schemes** normally require no direct contribution from beneficiaries or their employers as a condition of entitlement. They are usually financed through taxes or other state revenues, or, in certain cases, through external grants or loans. Such schemes are also referred to as “tax-financed” schemes and would typically include universal schemes for all residents, categorical schemes for certain broad groups of the population and means-tested schemes (such as social assistance schemes) (ILO, 2014a).

Coverage, particularly for pensions, can be divided into two phases: (1) the period of time an active worker contributes to a social security system to acquire the right to a future benefit, and (2) the period of time that a retiree receives that benefit. Table A3.1 below summarizes the reference populations that have been considered for the different measures presented in this paper.

<table>
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<th>Scope</th>
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<td>Estimate of legal pension coverage</td>
<td>Reference population: those of working age (15–64). The objective is to identify groups legally covered by an old-age or survivor’s pension once they reach pensionable age</td>
<td>Contributory and non-contributory; compulsory and voluntary affiliation</td>
</tr>
<tr>
<td>3.2 and 3.5</td>
<td>Estimates of pension and unemployment coverage by status in employment</td>
<td>Reference population: workers by status in employment (employees; own-account workers and employers; and unpaid family workers)</td>
<td>Contributory and non-contributory; compulsory and voluntary affiliation</td>
</tr>
<tr>
<td>3.4</td>
<td>Estimate of legal unemployment coverage</td>
<td>Reference population: the labour force (people either employed or unemployed)</td>
<td>Contributory and non-contributory; compulsory and voluntary affiliation</td>
</tr>
<tr>
<td>3.6</td>
<td>Legal and effective pension coverage</td>
<td>Horizontal axis: (same as figure 1) Vertical axis: beneficiaries. The first general assessment of effective pension coverage refers to the proportion of people in old age receiving either an old-age or survivor’s pension (see below for comparability issues)</td>
<td>Contributory and non-contributory; compulsory and voluntary affiliation</td>
</tr>
<tr>
<td>3.8</td>
<td>Legal and effective pension coverage by status in employment</td>
<td>Legal (same as figure 2). Effective coverage by status in employment refers to contributors to a pension scheme (i.e. the proportion of people of each status in employment currently contributing to a pension scheme)</td>
<td>Contributory; compulsory and voluntary affiliation</td>
</tr>
<tr>
<td>3.9</td>
<td>Effective pension coverage</td>
<td>Active contributors to pension schemes or general social security schemes delivering old-age pension benefits as part of other social security benefits</td>
<td>Contributory; compulsory and voluntary affiliation</td>
</tr>
</tbody>
</table>

Note: This complements, for the purpose of the analysis carried out in this paper, Appendix II: Measuring social security coverage, ILO, 2014a.
A. Estimates of legal coverage and legal gaps

Estimates of legal coverage for a given social security function (branch) and type of benefit are based on the number of people of working age (for pensions) or in the labour force (for unemployment) to whom social protection legislation applies or the proportion of a defined reference group. Estimates refer strictly to the extent of coverage and do not take into account the differences in levels of protection, reliability and sustainability of financing associated with the different types of schemes.

Estimates of legal coverage use both information on the groups covered by statutory schemes in national legislation and available statistical information quantifying the number of persons concerned at the national level (ILO, 2014a). The main qualifying criteria mentioned in national legislation are social and demographic (age, residency, citizenship or poverty status) and most often relate to the employment situation (economically active or not, employed or unemployed; status in employment: employee, employer or own-account or unpaid family worker; institutional sector and economic sector; size of enterprises and type of employment contract: casual, temporary or part-time).

The quantification uses international data sources as well as micro data.

Estimates of legal old-age and survivor’s pension coverage include the following:

- Legal coverage by an old-age or survivor’s pension through a contributory compulsory pension scheme. In the case of survivor’s pensions, estimates use the percentage distribution of men and women by current marital status (United Nations, Department of Economic and Social Affairs, 2012) and inactivity rates among the working-age population. The assessment of legal coverage by survivor’s pensions focuses on future pension entitlement for survivors above retirement age.
- Legal coverage by a contributory old-age pension based on voluntary affiliation.
- Legal coverage by a non-contributory pension. Estimates for future coverage by non-contributory pensions differ depending on eligibility criteria: (i) for universal old-age pensions, coverage is set as 100 per cent or reduced accordingly when the age for eligibility is above 65 years; (ii) for pension-tested old-age pension schemes, similar principles are applied after legal coverage by existing contributory schemes has been taken into account; and (iii) estimates of future coverage by means-tested pensions are the most prone to errors: these are based on the poverty rates in the population aged 65 and over or, alternatively, on the actual coverage rates for existing means-tested non-contributory pension schemes.

In the case of unemployment, when unemployment assistance is conditional on previous eligibility to social insurance, legal coverage is first measured as part of the assessment of contributory mechanisms. When unemployment benefits are means tested, the effective proportion of the unemployed receiving these allowances is usually applied.

This approach was applied for approximately 170 countries for both pensions and unemployment legal coverage.

<table>
<thead>
<tr>
<th>Table A.2 Definition of social protection coverage gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal coverage gap = Universal coverage – Legal coverage</td>
</tr>
<tr>
<td>Implementation gap = Legal coverage – Effective coverage</td>
</tr>
<tr>
<td>Total coverage gap = Universal coverage – Effective coverage</td>
</tr>
<tr>
<td>= Legal coverage gap + Implementation gap</td>
</tr>
</tbody>
</table>

B. Legal and effective coverage are not strictly comparable, but one can assess the extent of limitations

It is possible to compare legal coverage by contributory schemes (both compulsory and voluntary) with effective affiliation to pension schemes (table 3.1). This leads to a partial analysis that excludes non-contributory schemes. In figure 6, two different reference populations are compared: those of working age (to assess legal coverage) and those above retirement age (to assess effective coverage).
It can be hypothesized that the current situation for existing pensioners reflects the future situation for those currently of working age. The revised methodology aims to be as comprehensive as possible, to further include legal coverage for non-contributory pensions, survivor’s pensions and pensions acquired through voluntary affiliation. The main limitation concerns contributory pensions, mainly when these schemes have recently been extended or established. Entitlements to pension benefits will only come into effect in about 15 to 20 years, when the pension scheme is mature enough to start paying the first old-age pension benefits. As a consequence, effective pension coverage is inevitably lower than legal pension coverage.

In most countries with a pension system based on social security contributions, such schemes have been in place for decades, which reduces the impact of the above limitation. In addition, as shown in figure 1, the expansion of pension coverage through contributory compulsory mechanisms has been limited. The limitation particularly concerns voluntary affiliation, notably as used in China over the past five years. China addressed this limitation by making voluntary affiliation by those of working age a condition for their parents to receive a non-contributory pension. The result of this reform is visible both on the legal side (working age) and the beneficiary side (older people effectively receiving the non-contributory pension). This is not the case in India, where the implementation gap may be overestimated.

In the case of non-contributory pensions, this limitation does not apply. The time needed for a gradual implementation to reach the entire target group can be considered as part of the implementation gap.

C. Categorization of countries depending of the type of pension system

A categorization of countries based on the principal feature of their national pension system is used throughout section 2. It reflects the composition of legal coverage. Countries are classified according to six groups, defined as follows:

- **Wide legal pension coverage gap**: Existing social protection legislation provides entitlement to a periodic old-age or survivor’s pension to less than 50 per cent of the working-age population. This group contains 45 countries (25.4 per cent). More than 77 per cent are either from the Sub-Saharan African region or from the Middle East and North Africa. Almost 18 per cent are from Asia and the Pacific.

- **Significant legal gap and pension system mainly based on contributory compulsory coverage**: Countries in this group provide legal entitlement for a pension to at least 50 per cent of the working-age population but have not yet achieved universal legal coverage. In addition, more than two-thirds of legal coverage is based on compulsory contributory schemes. This group contains 26 countries.

- **No legal pension gap and pension system mainly based on contributory compulsory coverage**: More than two-thirds of people legally covered are entitled to a non-contributory pension. This group includes 15 countries, 40 per cent from the Asia and the Pacific region.

- **Legal pension coverage mainly based on non-contributory mechanisms (tax-financed)**: More than two-thirds of people legally covered are entitled to a non-contributory pension. This group includes 15 countries, 40 per cent from the Asia and the Pacific region.

- **Legal coverage by an old-age pension relies largely on voluntary contributions**: The proportion of legal coverage based on voluntary affiliation exceeds the proportion based on compulsory affiliation to contributory schemes. The 14 countries in this group include six countries from Sub-Saharan Africa and six countries from Asia and the Pacific.

- **Legal entitlement to an old-age pension relies on a balanced mix of compulsory contributory and non-contributory mechanisms**: This group covers all countries with available information that do not belong to any of the previous groups. It includes 45 countries, of which two-thirds are from Developed Economies and the European Union or from Latin America and the Caribbean.
### Appendix B. Decomposition of total gap of pension coverage

<table>
<thead>
<tr>
<th>BY region</th>
<th>Year</th>
<th>Total gap</th>
<th>Legal gap</th>
<th>Implementation gap</th>
<th>Legal coverage effectively implemented and salient gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East and North Africa</td>
<td>2000</td>
<td>78.9</td>
<td>66.4</td>
<td>12.5</td>
<td>57.3</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>67.3</td>
<td>56.8</td>
<td>10.4</td>
<td>71.5</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>2000</td>
<td>88.6</td>
<td>76.5</td>
<td>12.1</td>
<td>43.5</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>83.4</td>
<td>60.0</td>
<td>23.4</td>
<td>51.1</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>2000</td>
<td>54.1</td>
<td>27.9</td>
<td>26.2</td>
<td>57.2</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>44.5</td>
<td>5.2</td>
<td>39.3</td>
<td>56.9</td>
</tr>
<tr>
<td>Advanced economies</td>
<td>2000</td>
<td>9.5</td>
<td>6.9</td>
<td>2.7</td>
<td>97.1</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>8.9</td>
<td>2.2</td>
<td>6.7</td>
<td>93.1</td>
</tr>
<tr>
<td>Central and south-eastern Europe (non EU) and CIS</td>
<td>2000</td>
<td>16.7</td>
<td>8.5</td>
<td>8.2</td>
<td>89.9</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>6.9</td>
<td>4.3</td>
<td>2.6</td>
<td>97.3</td>
</tr>
<tr>
<td>Asia and the Pacific</td>
<td>2000</td>
<td>85.7</td>
<td>69.8</td>
<td>15.9</td>
<td>52.6</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>56.3</td>
<td>22.1</td>
<td>34.1</td>
<td>55.6</td>
</tr>
<tr>
<td>Total</td>
<td>2000</td>
<td>67.2</td>
<td>53.4</td>
<td>13.8</td>
<td>61.4</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>48.6</td>
<td>22.4</td>
<td>26.2</td>
<td>64.2</td>
</tr>
</tbody>
</table>

By level of income

| Low-income economies                           | 2000 | 92.5      | 76.9      | 15.6               | 37.1                                                 |
|                                                | 2013 | 81.9      | 57.9      | 23.9               | 53.1                                                 |
| Middle-income economies                        | 2000 | 78.1      | 62.1      | 15.9               | 96.2                                                 |
|                                                | 2013 | 53.5      | 21.9      | 31.5               | 58.7                                                 |
| Lower middle-income economies                  | 2000 | 88.5      | 69.8      | 18.7               | 40.7                                                 |
|                                                | 2013 | 76.5      | 38.4      | 38.1               | 44.1                                                 |
| Upper middle-income economies                  | 2000 | 67.9      | 54.7      | 13.2               | 71.3                                                 |
|                                                | 2013 | 31.0      | 5.9       | 25.1               | 72.9                                                 |
| High-income economies                          | 2000 | 13.2      | 8.3       | 4.9                | 93.8                                                 |
|                                                | 2013 | 9.9       | 2.9       | 7.0                | 92.2                                                 |

By share of employees

| Less than 25 per cent                          | 2000 | 93.5      | 70.8      | 22.8               | 26.1                                                 |
|                                                | 2013 | 78.7      | 32.6      | 46.2               | 37.2                                                 |
| 25-49 per cent                                 | 2000 | 88.9      | 75.4      | 13.5               | 55.7                                                 |
|                                                | 2013 | 77.2      | 57.7      | 19.5               | 57.9                                                 |
| 50-74 per cent                                 | 2000 | 67.3      | 56.1      | 11.2               | 74.1                                                 |
|                                                | 2013 | 34.0      | 10.5      | 23.5               | 73.4                                                 |
| 75-89 per cent                                 | 2000 | 18.1      | 11.3      | 6.9                | 91.5                                                 |
|                                                | 2013 | 12.8      | 4.0       | 8.9                | 89.2                                                 |
| 90 per cent and over                           | 2000 | 4.8       | 0.7       | 4.1                | 95.6                                                 |
|                                                | 2013 | 6.6       | 1.0       | 5.6                | 94.0                                                 |

Groups of countries classified according to legal and effective pension coverage

| Group 1: Not yet engaged in the extension process (for pension) | 2000 | 94.5 | 88.4 | 6.1 | 56.8 |
|                                                              | 2013 | 89.3 | 83.0 | 6.4 | 64.9 |
| Group 2: Extension of legal coverage without effective implementation yet | 2000 | 91.6 | 63.6 | 28.0 | 25.9 |
|                                                              | 2013 | 76.2 | 24.3 | 51.9 | 33.1 |
| Group 3: Extension of legal coverage and effective process of implementation | 2000 | 72.4 | 63.1 | 9.3 | 76.3 |
|                                                              | 2013 | 27.2 | 4.1 | 23.2 | 76.5 |
| Group 4: Legal pension coverage and effective implementation > 80 per cent | 2000 | 12.7 | 8.1 | 4.6 | 94.8 |
|                                                              | 2013 | 7.6 | 1.3 | 6.3 | 93.7 |

Note: 1 The share of legal coverage effectively implemented is calculated for the group of countries for which both legal and effective coverage information are available (137 countries in 2000 and 168 countries in 2013); 2 The different phases as defined earlier (see figure 8). Source: same as figure 6.
## Appendix C. Indicators of old age effective coverage, global estimates: Affiliation to contributory pension schemes by status and employment patterns: (15-64, %)

<table>
<thead>
<tr>
<th>Size of enterprise²</th>
<th>By status and for total employment</th>
<th>By status and for total employment</th>
<th>By status and for total employment</th>
<th>By status and for total employment</th>
<th>By status and for total employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wage and salaried</td>
<td>Own-account/employer</td>
<td>Unpaid family workers</td>
<td>Total employment</td>
<td>Permanent</td>
</tr>
<tr>
<td>By region</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% employees</td>
</tr>
<tr>
<td>Middle East and North Africa*</td>
<td>42.8</td>
<td>4.4</td>
<td>1.8</td>
<td>32.3</td>
<td>85.1</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>44.9</td>
<td>0.5</td>
<td>0.1</td>
<td>9.1</td>
<td>69.0</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>64.5</td>
<td>18.8</td>
<td>8.9</td>
<td>47.5</td>
<td>91.7</td>
</tr>
<tr>
<td>Advanced economies</td>
<td>90.3</td>
<td>64.4</td>
<td>17.9</td>
<td>86.0</td>
<td>88.3</td>
</tr>
<tr>
<td>Central and south-eastern Europe, CIS*</td>
<td>75.8</td>
<td>45.0</td>
<td>6.9</td>
<td>60.5</td>
<td>83.9</td>
</tr>
<tr>
<td>Asia and the Pacific</td>
<td>41.5</td>
<td>12.4</td>
<td>0.0</td>
<td>21.6</td>
<td>75.0</td>
</tr>
<tr>
<td>Total</td>
<td>51.8</td>
<td>19.6</td>
<td>5.1</td>
<td>33.0</td>
<td>78.3</td>
</tr>
<tr>
<td>By income level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% employees</td>
</tr>
<tr>
<td>Low-income</td>
<td>35.1</td>
<td>0.3</td>
<td>0.0</td>
<td>5.5</td>
<td>45.4</td>
</tr>
<tr>
<td>Middle-income</td>
<td>46.7</td>
<td>13.8</td>
<td>2.3</td>
<td>26.8</td>
<td>81.3</td>
</tr>
<tr>
<td>High-income economies</td>
<td>88.5</td>
<td>62.9</td>
<td>17.3</td>
<td>84.5</td>
<td>87.9</td>
</tr>
<tr>
<td>By the stage of development of the national pension system ¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% employees</td>
</tr>
<tr>
<td>Group 1: Not yet engaged in the extension process (for pension)</td>
<td>34.3</td>
<td>0.1</td>
<td>0.0</td>
<td>10.1</td>
<td>62.0</td>
</tr>
<tr>
<td>Group 2: Extension of legal coverage without effective implementation yet</td>
<td>35.7</td>
<td>1.2</td>
<td>0.4</td>
<td>9.8</td>
<td>73.5</td>
</tr>
<tr>
<td>Group 3: Extension of legal coverage and effective process of implementation</td>
<td>55.0</td>
<td>24.7</td>
<td>10.3</td>
<td>38.5</td>
<td>79.3</td>
</tr>
<tr>
<td>Group 4: Legal pension coverage and effective implementation</td>
<td>84.8</td>
<td>55.0</td>
<td>15.3</td>
<td>77.9</td>
<td>90.4</td>
</tr>
<tr>
<td>By size of employees in total employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% employees</td>
</tr>
<tr>
<td>Less than 25 per cent</td>
<td>32.1</td>
<td>0.2</td>
<td>0.0</td>
<td>3.3</td>
<td>67.9</td>
</tr>
<tr>
<td>25-49 per cent</td>
<td>36.7</td>
<td>2.4</td>
<td>0.8</td>
<td>15.4</td>
<td>83.3</td>
</tr>
<tr>
<td>50-74 per cent</td>
<td>58.3</td>
<td>24.3</td>
<td>6.8</td>
<td>42.1</td>
<td>82.3</td>
</tr>
<tr>
<td>75-89 per cent</td>
<td>80.8</td>
<td>42.6</td>
<td>27.5</td>
<td>74.5</td>
<td>86.9</td>
</tr>
<tr>
<td>90 per cent and over</td>
<td>92.7</td>
<td>86.1</td>
<td>0.9</td>
<td>92.1</td>
<td>98.2</td>
</tr>
</tbody>
</table>

Note: Global estimates weighted by total employment. Affiliation by status and for total employment: estimates based on 111 countries; affiliation by type of contract: 79 countries; affiliation by working full-time or part-time: 76 countries; affiliation by institutional sector (public or private): 85 countries; affiliation by size of enterprises: 73 countries. ¹ Limited number of countries; ² In some countries the size of enterprises may differ slightly from the indicated ranges. This applies in Namibia, Venezuela (1-10; 11-20; 21 workers and more); Zambia (less than 5 workers; 5 workers and more); India and Viet Nam (1-9; 10-19; 20 workers and more); Nepal (1-9; 10 workers and more); Canada (1-19; 20-99; 100 workers and more); Turkey (1-9; 10-249; 250 workers and more); ³ The different groups as defined earlier (see figure 7). Sources: ILO Research Department based on household survey data.
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