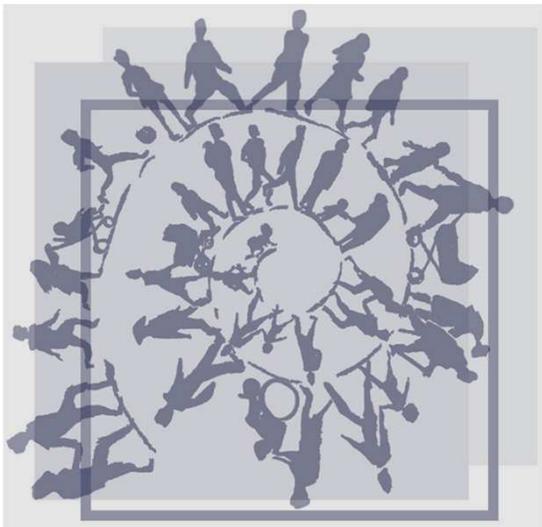




Precarious work and social security



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Precarious work and social security

- Work has precarious character because - among other things - those employed have no or only limited access to social security (they are not covered at all or covered only partially)
- ILO campaign on extensions of social security coverage is crucial for limiting the extent of precarious employment it aims at:
 - Limiting the scope of employment without social security
 - Providing floors of protection to all independently from their employment status



Conclusions of ILC 2011: Main elements of the “Geneva consensus”

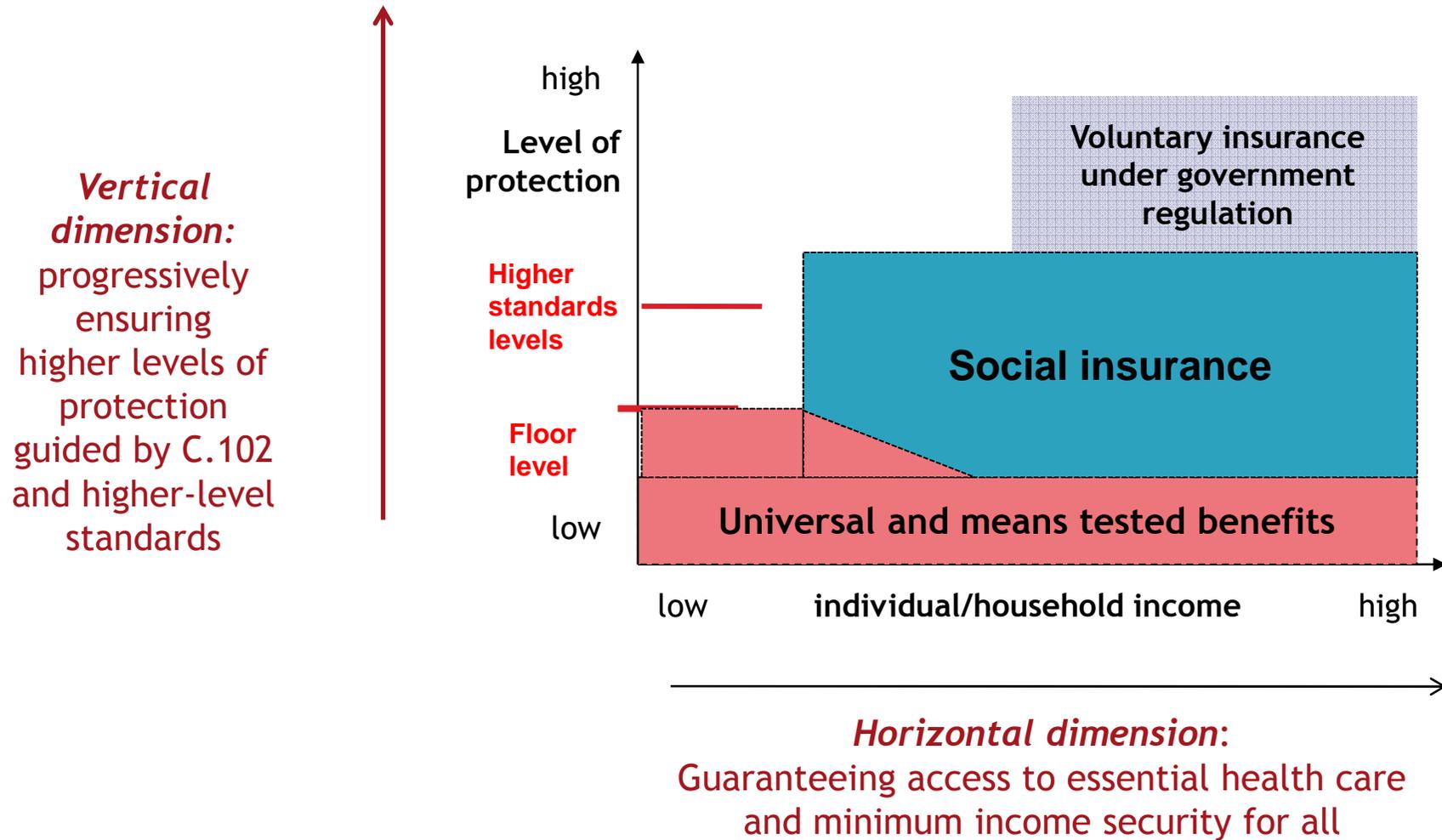
- Sustainable social security systems are a key element in promoting productive economic growth with equity
- Social security and other pillars of the Decent Work Agenda (productive employment, rights at work and social dialogue) are inseparable, interrelated and mutually supportive in reaching the objective of social justice and fair globalization
- Provision of social security should be based on entitlements defined within a national legal framework
- Tripartism and social dialogue based on freedom of association and the effective recognition of the right to collective bargaining are key elements contributing to sustainability of social security systems in which non-contributory and contributory schemes complement each other
- Social security is not only human right but also economic and social necessity



On strategies to extend coverage

- Closing coverage gaps is of highest priority for equitable economic growth, social cohesion and decent work for all women and men
- National strategies, in line with country priorities, administrative feasibility and affordability, should aim at achieving universal coverage of the population with at least minimum levels of protection (horizontal dimension) and progressively ensuring higher levels of protection guided by up-to-date ILO social security standards (vertical dimension)
- The two dimensions of the extension of coverage are consistent with moving towards compliance with the requirements of the Social Security (Minimum Standards) Convention, 1952 (No. 102) and are of equal importance and should be pursued simultaneously where possible

The ILO's two-dimensional strategy for the extension of social security coverage: Building comprehensive social security systems



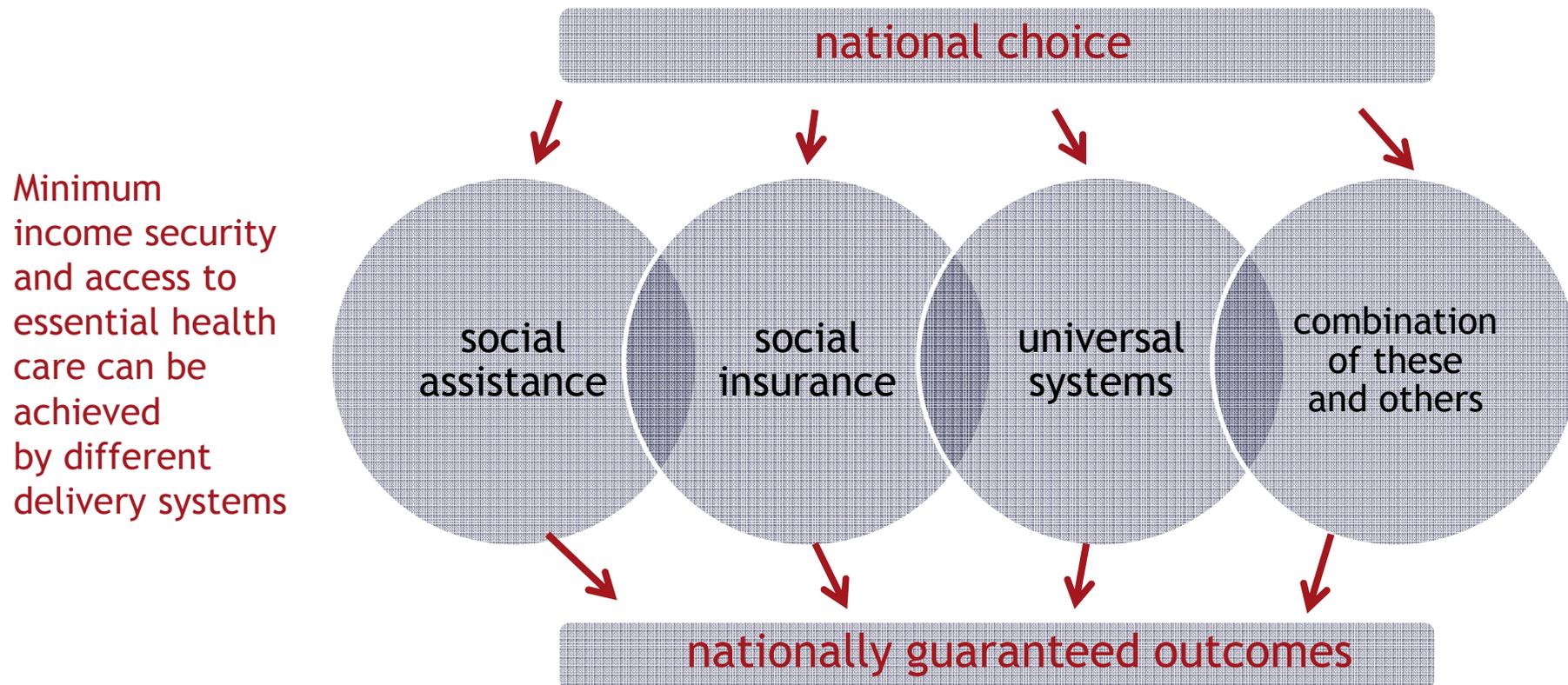


On horizontal dimension: Social Protection Floor

- The horizontal dimension should aim at the rapid implementation **national Social Protection Floors, containing basic social security guarantees that ensure that over the life cycle all in need can afford and have access to essential health care and have income security at least at a nationally defined minimum level**
- Every member State should design and implement its Social Protection Floor guarantees according to national circumstances and priorities defined with the participation of social partners
- While expected outcomes of these guarantees are of a universal nature, member States find different ways of implementing Social Protection Floor policies, which may include universal benefit schemes, social insurance, public employment programmes and employment support schemes, and social assistance schemes that provide benefits only to people with low income, or appropriate combinations of such measures
- To be effective, these policies require an appropriate mix of preventive measures, benefits and social services



National Social Protection Floors: Focus on national priorities and implementation



Progressive implementation of the Social Protection Floor by each country according to its circumstances and levels of development

On vertical dimension and on providing higher levels of social security



- The process of building comprehensive social security systems cannot stop at the ground floor of protection
- The vertical dimension of the social security coverage extension strategy in each member State should seek to provide higher levels of income security and access to health care - taking into account and progressing towards in the first instance the coverage and benefit provisions of Convention No. 102 - to as many people as possible and as soon as possible; based, as a prerequisite, on policies aiming at encouraging participation of those in the informal economy and its gradual formalization
- As economies develop and become more resilient, people's income security and their access to health care should be strengthened



On the link to employment policies and formalization of the economy

- Policies providing social security are closely associated with employment policies. Member States should therefore pay particular attention to building an economic and social framework that is conducive to sustainable enterprise creation and growth of decent and productive employment
- Member States should be encouraged to continuously employ efforts aimed at the transition from informal to formal economies - which means also eradicating gradually precarious forms of employment
- Social security policies have a strong role to play in attaining this objective, but have to be complemented by fiscal and employment policies, and by developing administrative procedures aimed to create adequate incentives to join the formal economy and reduce the costs of formalization
- Member States should be encouraged to strengthen compliance assistance, the promotion and the enforcement of legal frameworks including by adequate labour, tax and social security inspections aiming at reducing fraud, and informality including disguised employment, undeclared business and undeclared work
- The formalization of the economy is one of the crucial prerequisites for long-term growth and will increase the public revenue base necessary to finance higher levels of social security for contributors and taxpayers and non-contributory benefits to cover those without capacity to contribute



On affordability and financial sustainability

- The expenditure required to finance social security systems is a long-term investment in people
- Societies that do not invest in social security face important costs such as those associated with the lack of a healthy and productive workforce, economic insecurity and social exclusion
- Investing in people through social security systems requires resources that have to be provided by enterprises, workers, households and others as contributors and taxpayers. It is thus essential that a rational balance is found between short- and long-term costs and benefits of social security systems for society and different groups of financers and beneficiaries
- Social security interventions need to achieve their objectives in terms of both social and economic adequacy in an effective and cost-efficient way
- Permanent monitoring and evaluation by the social partners of the short- and long-term effectiveness and efficiency of individual programmes and social security systems, including actuarial studies, are important mechanisms and may lead to reform and adjustments whenever necessary



On governance (1)

- Social security systems need to be well managed and administered to ensure effectiveness in reaching agreed objectives, efficiency in using resources, and transparency to gain confidence of those who finance them and benefit from these systems.
- Active involvement of all stakeholders, and in particular workers and employers through effective social dialogue mechanisms and tripartite supervision, is one of the important means to secure good governance of social security systems.
- The general responsibility for an effective and efficient social security system lies with the State, particularly with creating political commitment and with respect to setting appropriate policy, legal and regulatory frameworks and the supervision that guarantee adequate benefit levels, good governance and management and protecting acquired rights of beneficiaries and other participants.
- Social dialogue is essential in identifying and defining priority policy objectives; the design of the corresponding benefits, entitlements and delivery methods; the allocation of the financial burden between generations and between contributors and tax payers; and the need to find a fair balance between social expectations and financial constraints.



On governance (2)

- Social dialogue is an important means for contributing to the permanent monitoring of financial sustainability and the social adequacy, effectiveness and efficiency of management and administration of the scheme
- It is equally important in enforcing the existing social security legislation so that the contributions due are paid by all those obliged to pay and benefits delivered to all those eligible. This requires well-resourced and well-trained public inspection services to promote and ensure the law enforcement and the prevention of contribution evasion, fraud and corruption. However this also requires active monitoring by employers, workers and other stakeholders.
- To play the expected active role in securing good social security governance, all workers and employers need to be aware of, and understand, existing social security provisions and emerging challenges. Member States should consider including basic knowledge about social security in the education and training curricula at different levels of the national education systems. Employers' and workers' organizations have to build significant capacity to be able to share the social security knowledge with their members as well as to actively participate in social dialogue on social security policies and in monitoring and supervision of social security schemes



On ILO standards and the need for more ratifications and implementation

- The up-to-date ILO social security standards, and in particular Convention No. 102, provide a unique set of minimum standards for national social security systems that are internationally accepted. They set out principles that guide the design, financing, governance and monitoring of national social security systems
- Convention No. 102 continues to serve as a benchmark and reference in the gradual development of comprehensive social security coverage at the national level
- Increasing ratification and effective implementation of Convention No. 102 and other social security Conventions remain a key priority for member States
- It is therefore essential to raise awareness and understanding of ILO social security standards, to identify gaps in coverage that still may prevent further ratifications, and to design policies that may close these gaps. In particular, this should also include the dissemination of information on the requirements concerning implementation of these instruments and devote special efforts to capacity building and the training of the social partners, and thus to strengthening the role of social dialogue in the implementation of standards.



Two parallel strategies to move from precarious to more decent employment

- Limiting the possibilities to employ workers in a way which denies them social security coverage accessible to those on “normal” employment contracts:
 - Proper and enforced laws
 - Creating through social dialogue and collective bargaining labour market conditions discouraging precarious employment
 - Strengthening protection of those with lower earnings and broken contribution careers
- Providing floors of protection to all, independently from employment status